Fall 2019

Bebo Comprehensive Financial Plan

Norma Vargas
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Vargas Financial Services, LLC

Where we help you:

Bedo Comprehensive Financial Plan

July 2019

CONFIDENTIAL

Fictitious names being used throughout document.

Prepared by:
Norma Vargas, CFP

Vargas Financial Services, LLC

1 Memory Lane

Springfield, MO 65619

Executive Summary

A thorough financial analysis has been performed for Tyler and Mia Bedo. The Bedos have specific financial goals they would like to achieve for both pre and post retirement. In addition, there is currently a negative cash flow that needs to be addressed. Every effort was made to explore several options to accomplish the desired outcome.

Goals:

- Fully fund Becky's college education by the time she is ready to attend
- At time of retirement have enough funds to build an addition to the home and open an art gallery
- Retire at 62

A plan has been created to achieve the first two goals. However, after reviewing the current financial state, and taking into consideration health benefits that will be an exorbitant cost, it is strongly suggested to reconsider this age. Sixty-five would be the optimal age for retirement when Medicare would be available.

While the specific goals presented have been addressed, there are several areas identified where changes can be made to optimize the Bedos' financial health.

- Negative cash flow
- Tyler's current 401 (k) investment choices
- Auto insurance premiums
- Lack of health care flexible spending arrangment (FSA)
- Yield for an account currently earmarked for a retirement goal
- Mortgage APR
- Tyler's Long Term Disability coverage
- Inadaquate life insurance coverage
- Inadaquate/potentially non existent estate plan

All of the above mentioned areas have been addressed in the comprehensive financial plan positive cash flow has created suggestions have been made to increase the future value of Tyler's 401 (k). Research was performed in the Bedo's home state of Missouri for reasonably priced auto insurance premiums, mortgage rates, long term disability and life insurance coverage. Lastly, suggestions have been made in regards to the lack of FSA and comprehensive estate plan.

Some areas will require referrals to specialized, qualified professionals such as tax, accountant, and insurance agents. In addition, while an investment analysis has been performed based on benchmarks, past performance is not a guarantee of future results.

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Vargas Financial Services, LLC

Norma Vargas, CFP
Vargas Financial Services, LLC
1 Memory Lane
Springfield, MO 65619

May 17, 2019

Tyler and Mia Bedo
727 Success Lane
Springfield, MO 65619

Dear Mr. and Mrs. Bedo,

Planning for your financial future can be a stressful occurrence. It is a holistic view of your present financial health, mapping out your goals and planning how to get there. We here at Vargas Financial Services, LLC recognize how difficult this can be and we strive to make the process as simple as possible for our clients. Our end goal is to provide you peace of mind. We pride ourselves on truly listening to what our clients want and need so that together we can establish a plan in accordance with those desires.

In anticipation of our first meeting, please begin to think about what your individual and collective goals are. Gathering as much data as possible including:

- Three years of tax returns
- Most recent paystubs
- Existing Insurance policies & benefit plans: life, health, disability
- Retirement account statements (if appl.)
- Four months of bank statements
- Recent mortgage statement (if appl.)
- Existing (if any) estate planning documents
- One of year investment account statements (if appl.)

Please be assured that Vargas Financial Services protects the security and confidentiality of our clients' information. These include confidentiality agreements with companies we hire to help us provide services to you, password-protected user access to our computer files, and confidentiality policies that apply to all employees. While it is possible that we may be required to give information about our business to regulatory authorities which may include personal information about you, we do not sell your personal information to anyone.

We look forward to meeting with you. In the meantime, should you have any questions or concerns, I am available by phone or text at 860 280 8888 or via email at norma.vargas@vargasfinancial.com.

Looking forward very much to working with you,

Norma Vargas, CFP

Vargas Financial Services, LLC

May 19, 2019

Tyler and Mia Bedo
727 Success Lane
Springfield, MO 65619

Dear Mr. and Mrs. Bedo:

Re: Financial Planning Engagement

Thank you for choosing Vargas Financial Services, LLC for your financial planning needs. We look forward to embarking on this journey with you. This letter shall serve as confirmation of the terms of our engagement discussed on May 18th, 2019. You have agreed to provide statements and documents pertaining to taxes, insurance, estate planning, banking, and retirement.

Once this data is received, my office will review and analyze within 10 business days. We will meet again to provide a thorough assessment of your income, assets, tax consequences, retirement, estate, and insurance planning. After reviewing the assessment together, we will reaffirm your goals. At that point, Vargas Financial Services will create recommendations bearing in mind your objectives. It will be your decision whether to implement the recommendations you choose to accept.

Firm deliverables:

- Summary and analysis of financial health
- Net worth assessment
- Retirement planning assessment
- Insurance planning assessment
- Asset management strategy
- Tax planning strategies
- Written financial plan
- Action plan for implementation of recommendations
- Assistance with implementation of recommendations
- Three month checkpoints for one year following financial plan delivery and up to two revisions if necessary

Our fee will be determined after our first meeting and will be dependent on the areas you choose for us to analyze and optimize. Half of the fee will be payable upon acceptance to move forward and the other half upon delivery of final plan. This fee will include 4 additional checkpoint meetings and up to two revisions if requested prior to one calendar year following plan delivery. The total fee for your financial services is will range from $1,500 not to exceed $2,500.

We offered continued monitoring in the form of an annual review of your plan at 25% of the initial planning fee. "Annual" for the sake of this agreement will begin on the anniversary date of plan delivery. After the initial engagement, updated financial plans will be provided once per year, upon request for 30% of the initial planning fee.

You may cancel this agreement if you do so in writing no later than 3 business days after providing your data and receive a full refund. You may cancel after receiving our recommendations and not be liable for the remaining payment.

We are not authorized to provide legal advice or perform in a legal capacity. Please consult your attorney for legal matters.

We are not authorized to prepare tax returns of any kind for you. Please consult your tax professional for these matters.

If it becomes necessary for us to request anyone else outside of our firm to fulfill a responsibility of any kind, we will obtain your consent first.

If you understand and agree to the terms listed above, please sign this letter via the DocuSign instructions that will be emailed to you. Once accepted please forward payment within 3 business days.

We look forward to working with you and helping you "check your money!".

Understood and Agreed to by:_____________________________on _________________________.

Vargas Financial Services, LLC

Norma Vargas, CFP
Vargas Financial Services, LLC
1 Memory Lane
Springfield, MO 65619

May 25, 2019

Tyler and Mia Bedo
727 Success Lane
Springfield, MO 65619

Dear Mr. and Mrs. Bedo:

Re: Acceptance of Your Financial Analysis

Thank you once again for choosing Vargas Financial Services, LLC. It has been our pleasure working with you thus far to put forth recommendations to achieve your short and long term financial goals.

We have provided the basic plan as well as the recommended Implementation Checklist for your review.

If you agree with the basic plan, please sign below (via DocuSign) and contact us to schedule your first session to begin the implementation process.

Plan accepted by:________________________________-Date: ______________________

Firm Statements

Mission & Vision Statement
Ethics Statement
Privacy Statement

Mission Statement

To aid the middle class by jointly creating a plan to achieve short and long term financial goals.

Vision Statement

We at Vargas Financial Services, LLC will help you “check your money!”. We have confidence those in every salary level are able to plan for excellent financial health. We believe that there is no cookie cutter approach to financial planning. The only plan that works is one that fits your personal style. Our goal is to jointly create a road map to your financial goals utilizing a method that works for you. We strive to establish a relationship based on trust and communication. It is our mission to help create a suitable plan, provide support to implement that plan, and track the progress so that you never feel alone.

Ethics Statement

As a Certified Financial Planner®, Vargas Financial Services, LLC follows the Code of Ethics and Professional Responsibility of the Certified Financial Planner Board of Standards, Inc. A copy of this document can be downloaded at HTTP://WWW.CFP.NET/ABOUT-CFP-BOARD/ETHICS-ENFORCEMENT/STANDARDS-OF-PROFESSIONAL-CONDUCT

Privacy Statement

Vargas Financial Services, LLC seeks to maintain a relationship of personal trust and confidence. This type of relationship can only be built upon the understanding that information supplied to us will be confidential. In order to provide the contemplated services effectively and to protect the client’s privacy, Vargas Financial Services shall safeguard the confidentiality of such information. An employee shall respect the confidentiality of any information entrusted to or obtained during the employee’s business or professional activities.

A Vargas Financial Services employee shall not disclose any confidential client information without the consent of the client unless in response to proper legal process, to defend against charges of wrongdoing, or in connection with a civil dispute between the employee and client.

Bedo Family Profile

CLIENT PROFILE
SUMMARY OF GOALS
ASSUMPTIONS

Check Your Money

CLIENT PROFILE

Personal Information		
Tyler Bedo		Mia Bedo
Age: 42		Age: 42
State of residence: Missouri		State of residence: Missouri
Citizen : US		Citizen : US
Health status: No known health issues		Health status: No known health issues
SS# 555-55-5555		SS# 555-55-5555
Dependent Children		
Becky Bedo		
Age: 5		
Health status: No known health issues		
Home Address		
727 Success Lane		
Springfield, MO 65619		
Employment		
Tyler's:		Mia's:
Golden Tee Golf Association, Inc		The Family and Career Institute
6282 Star Drive		5600 Cedar Lane Road, Suite #150
Springfield, MO		Springfield, MO
Occupation: Sales consultant		Occupation: Career Counselor
Years employed: 12		Years employed: 3
Annual Salary: $102,700		Annual Salary: $32,496

Summary of Goals

- Establish college savings account for Becky
- Review FICA withholdings for Tyler
- Determine key account balances
- Review health benefit elections
- Determine suitability of current long-term disability coverage
- Determine suitability of current life insurance policy coverage
- Investment portfolio analysis
- Retirement planning (at age 62, if possible) including building an addition in the home for Mia & open an art gallery
- Estate planning analysis and estate tax avoidance
- Create a six-month cash reserve

Assumptions

Educational Assumptions

- Becky will start college in the fall of 2032
    - Today, in state tuition, room, board, and fees to a public university would cost $10,000 per semester
    - Costs increasing five percent per year
    - (Tax-advantaged investment) Funding to be complete upon entry

Retirement Assumptions

- Tyler plans to stay with his employer until he retires
    - Estimated salary increase of three percent per year
    - 3% of base salary contribution to retirement plan to continue
- Mia plans to remain part time at her employment
    - 10% of base salary contribution to retirement plan to continue
- Retirement age for Tyler and Mia is 62, if possible
- Tyler is risk averse, Mia is not
- Mia would like an addition to the home at retirement, today's cost is $20,000
- The home is expected to appreciate by four percent annually over the long term
- Mia would like to open a small art gallery. Estimated today's cost is $80,000
- Tyler and Mia will need approximately 85% of their current earned income
- Tyler and Mia would like to receive Social Security benefits as early as possible
- Life expectancy for Tyler and Mia is 95
- Annual nursing home expenses are currently $49,000

Premature Death Assumptions

- Household expenses for one spouse are expected to be $115,000 in today's dollars
- Annual nursing home expenses are currently $49,000
- Current Social Security benefits in the event of Tyler's death are:
    - $23,448 yearly to Mia after age 67
    - $17,580 additional yearly to Mia until Becky turns age 18
    - $17,580 yearly to Becky until age 18
    - $16,765 yearly to Mia from age 60 to age 67 (This is a 28.5% reduction in benefits based on age sixty-seven survivor benefits)
- Current Social Security benefits in the event of Mia's death are:
    - $26,400 yearly to Tyler after age 67
    - $9,552 additional yearly to Tyler until Becky turns age 18
    - $9,552 yearly to Becky until age 18
    - $0 yearly to Tyler from age 60 to age 67

Estate Planning Assumptions

- Tyler and Mia would like their estate value to be private in the event of their death
- Appreciate rate on gross estate, debt, and loans is four percent.
- Funeral and administration expenses at $9,000 per person, to grow four percent annually. Executed fees expected to be $13,500 per person

Bedo Family Cash Flow & Net Worth

ANNUAL CASH FLOW STATEMENT
NET WORTH STATEMENT
FINANCIAL RATIOS & ANALYSIS
RECOMMENDATIONS

Tyler & Mia Bedo - Annual Cash Flow Statement

PART 1: EARNED INCOME	Monthly	Annual
Tyler's Gross Salary ($2,633.33 biweekly)	$5,705.55	$68,466.58
Tyler's Gross Bonus ($17,116.66 semi annually)	$2,852.78	$34,233.32
Tyler's imputed income (S79 plan employee benefit income)	$1.85	$22.16
Mia's Gross Salary	$2,708.00	$32,496.00
Mia imputed income (S79 plan employee benefit income)	$8.00	$95.98
TOTAL EARNED INCOME	***$11,276.17***	***$135,314.04***
PART 2: UNEARNED INCOME	**Monthly**	**Annual**
Savings account, $10,000, 3% yield	$25.35	$304.16
Money market account, $10,000, 3% yield	$25.35	$304.16
Haley G&I Fund, $69,000, 3.2% yield	$186.72	$2,240.67
Konza Fund, $43,000, 1.75% yield	$63.21	$758.57
Ruth Fund, $13,000, 4% yield	$44.14	$529.64
Sagebrush Fund, $8,000, .50% yield	$3.34	$40.09
TOTAL UNEARNED INCOME	***$348.11***	***$4,177.29***
PART 3: DEDICATED EXPENSES	**Monthly**	**Annual**
Salary Reduction- Tyler		
Federal income tax withholding	$1,555.67	$18,668.00
State and local income tax withholding	$405.17	$4,862.00
FICA Contributions	$650.00	$7,800.00
Retirement Plan Contributions- Consumer Fund (3% of base salary)	$171.17	$2,054.00
Retirement Plan Contributions- Graham Fund (3% of base salary)	$171.17	$2,054.00
Salary Reduction- Mia		
Federal income tax withholding	$292.50	$3,510.00
State and local income tax withholding	$117.00	$1,404.00
FICA Contributions	$207.17	$2,486.04
Section 125 Plan Health Care Premiums (pretax)	$300.00	$3,600.00
Retirement Plan Contributions- Consumer Fund (10% of base salary)	$270.80	$3,249.60
Insurance Premiums		
Auto insurance premiums ($1000 semi annually)	$166.67	$2,000.00
Homeowner's insurance ($700 annually)	$58.33	$700.00
Life insurance premiums	$172.00	$2,064.00
Umbrella insurance premium ($175 annually)	$14.58	$175.00
Disability insurance premium	$25.00	$300.00
Other misc. insurance premiums	$25.00	$300.00
Debt Services		
Mortgage	$1,088.00	$13,056.00
Auto loan payments	$451.00	$5,412.00
Charge account and credit card payments	$425.00	$5,100.00
Real Estate Taxes ($1675 annually)	$139.58	$1,675.00
Savings/Investments		
Individual conserative fixed-annuity contract (Mia's retirement)	$250.00	$3,000.00
Money market account (purpose: cash reserve) 3% yield	$150.00	$1,800.00
Long-Term Goals (Savings for art & art gallery)	$150.00	$1,800.00
Reinvested earnings Savings/Investments		
Savings account, $10,000, 3% yield	$25.35	$304.16
Money market account, $10,000, 3% yield	$25.35	$304.16
Haley G&I Fund, $69,000, 3.2% yield	$186.72	$2,240.67
Konza Fund, $43,000, 1.75% yield	$63.21	$758.57
Ruth Fund, $13,000, 4% yield	$44.14	$529.64
Sagebrush Fund, $8,000, .50% yield	$3.34	$40.09
TOTAL DEDICATED EXPENSES	***$7,603.91***	***$91,246.92***

Tyler & Mia Bedo - Annual Cash Flow Statement, cont'd

PART 4: DISCRETIONARY EXPENSES	Estimated	Actual
Communication		
Telephone (land line and cell)	$125.00	$1,500.00
Subscriptions (e.g., Time, Money)	$80.00	$960.00
Household & Personal Care		
Clothing ($700 quarterly)	$233.33	$2,800.00
Hair/dry cleaning	$100.00	$1,200.00
Pet care	$35.00	$420.00
Housekeeping	$80.00	$960.00
Banking & Investment		
Bank charges	$10.00	$120.00
Tax preparation fees ($400 annually)	$33.33	$400.00
Entertainment		
Movies, plays, shows etc	$225.00	$2,700.00
Satellite TV	$50.00	$600.00
Recreation (e.g., boating, hiking)	$225.00	$2,700.00
Dues (e.g, organizations, golf course, health clubs)	$150.00	$1,800.00
Housing & Utilities		
Home improvements	$150.00	$1,800.00
Yard service, trash ($100 quarterly)	$33.33	$400.00
Utilities (e.g., electric, fuel, water, sewer)	$350.00	$4,200.00
Food		
Groceries	$425.00	$5,100.00
Away from home	$275.00	$3,300.00
Medical		
Medical costs (copay)	$20.00	$240.00
Prescriptions	$20.00	$240.00
Dental and eye care expenses	$50.00	$600.00
Transportation & Gas		
Auto maintenance (e.g., oil, fuel)	$125.00	$1,500.00
MO vehicle plate/tag tax ($450 annually)	$37.50	$450.00
Miscellaneous		
Holiday giving ($1,8000 annually)	$150.00	$1,800.00
Travel (e.g., trips to Branson $3,000 annually)	$250.00	$3,000.00
Contributions/Gifts to Charities:		
University alumni fund ($1,000 annually)	$83.33	$1,000.00
Church	$350.00	$4,200.00
United Way	$50.00	$600.00
Savings/Investments		
Sagebrush Fund (no designated purpose)	$250.00	$3,000.00
Haley G & I Fund (no designated purpose)	$250.00	$3,000.00
Ruth Fund (no designated purpose)	$250.00	$3,000.00
TOTAL DISCRETIONARY EXPENSES	***$4,465.83***	***$53,590.00***
PART 5: RESULTS	**Monthly**	**Annual**
TOTAL EARNED INCOME	***$11,276.17***	***$135,314.04***
TOTAL UNEARNED INCOME	***$348.11***	***$4,177.29***
TOTAL DEDICATED EXPENSES	***$7,603.91***	***$91,246.92***
TOTAL DISCRETIONARY EXPENSES	***$4,465.83***	***$53,590.00***
TOTAL DISCRETIONARY CASH FLOW	***($445.47)***	***($5,345.59)***

Check Your Money

Tyler & Mia Bedo - Net Worth Statement

Assets	Liquid	Illiquid	Current Yield
Joint Monetary Assets			
Checking account (cash reserve)	$3,500		0%
Savings account (cash reserve)	$10,000		3%
Money market account (cash reserve)	$10,000		3%
Checking account II (savings: art gallery/collection)	$5,000		0%
Investment Assets			
Miscellaneous EE bonds	$25,000		3.5% (deferred)
Haley G&I Fund	$69,000		3.20%
Konza Fund	$43,000		1.75%
Ruth Fund	$13,000		4%
Sagebrush Fund	$8,000		0.50%
Retirement			
Tyler's 401(k)			
Consumer Fund		$69,000	8.75%
Graham Fund		$134,000	4.10%
Tyler's traditional IRA certificate of deposit		$52,000	3.50%
Mia's 401 (k) Rocket Fund		$15,250	14.00%
Mia's Rollover IRA		$32,500	4.80%
Mia's traditional IRA certificate of deposit		$52,000	3.50%
Mia's Conservative annuity- Potsdam Fixed Annuity		$125,000	5.00%
Life insurance			
Tyler's whole life policy (cash value)		$8,750	5.50%
Mia's whole life policy (cash value)		$8,350	5.50%
Real Assets			
Primary Residence		$250,000	
Personal/Collectibles			
Automobile, Ford Taurus		$20,000	
Automobile, Nissan Quest		$15,500	
Watercraft		$5,800	
Yard equipment		$8,000	
Jewelry and collectibles (Mia's ring, paintings, china, harp)		$10,000	
Phil Mickelson-signed Calloway Driver golf club		$5,000	
Golf artwork (Linda Hartough repro, set of 5 litho)		$5,000	
Use/Lifestyle			
Furnishings	$45,000		
Golf clubs/other sporting equipment	$2,500		
TOTALS:	***$234,000.00***	***$816,150.00***	
TOTAL ASSETS	***$1,050,150.00***		

Liabilities		Amount Owed	Interest Rate/APR
Current, revolving			
Visa credit card, Springfield Nat'l Bank		$3,500	18.25%
Mastercard credit card, University Bank		$2,000	16.75%
Long-Term, installment			
Mortgage, Springfield National Bank (124/360 pmt made)		$130,332	7.875%
Auto, Ford (36/60 pmt made)		$10,396	3.90%
TOTAL LIABILITIES		***$146,228.13***	

RESULTS	
TOTAL ASSETS	***$1,050,150.00***
TOTAL LIABILITIES	***$146,228.13***
NET WORTH	***$903,921.87***

Financial Ratios

Several ratios were performed to measure your financial health. We have also provided standard benchmarks to view as a guide. Ratios help identify areas of potential concern and measurable goals to strive for. These ratios reflect as it relates to your current financial status, except for one item, you are in excellent financial health.

Current ratio

The current ratio measures your ability to pay off outstanding short-term debts. The target benchmark would be a number greater than 1 meaning that you currently have the monetary assets to pay of your short-term debt and have money left over. As seen below, your current cash reserve (emergency fund) amounts are just over 4 times the amount needed to pay off your current short-term liabilities.

Current ratio= Monetary assets / Current liabilities	*Target >1*
Monetary assets	
Checking account (cash reserve)	$3,500
Savings account (cash reserve)	$10,000
Money market account (cash reserve)	$10,000
Total monetary assets	$23,500
Short-term liabilities	
Visa credit card, Springfield Nat'l Bank	$3,500
Mastercard credit card, University Bank	$2,000
Total short-term liabilites	$5,500
Current ratio = 4.27	

Emergency fund ratio

The emergency fund ratio can be calculated several different ways. Guidelines show that an emergency fund should be approximately three to six plus months of monthly living expenses. However, what is considered a living expense can be somewhat subjective. It can be viewed as only funds needed if the emergency is not related to losing income (therefore, those expenses remain) or fundamental living expenses, meaning only bare minimum expenses. It can be assumed that in the event of an ongoing economical emergency you would consider not contributing to any savings vehicle.

As you have requested for your cash reserve target to be six months of total dedicated and discretionary expenses, not included taxes paid, we have created this as your target. We are also aware that you are willing to use your accumulated art gallery savings but we have excluded from the ratio.

The ratio shows you are half way to your goal of six-month cash reserve for total dedicated and discretionary expenses. This area will need attention to for your two year aim to build that reserve.

Emergency fund ratio= **Monetary assets** / **Monthly living expenses**	*Target >6 months*
Monetary assets	
Checking account (cash reserve)	$3,500
Savings account (cash reserve)	$10,000
Money market account (cash reserve)	$10,000
Total monetary assets	$23,500
Monthly living expenses	
Dedicated expenses (not including taxes paid)	$3,115
Discretionary expenses	$4,466
Total monthly living expenses	$7,581
Current ratio = 3.10	

Savings ratio

The savings ratio measures your personal and retirement savings, including employer contributions against your gross. A subjective benchmark is 10% and you are currently saving 19%. Excellent!

Savings ratio= **Personal Savings & Employer contributions** / ***Annual Gross Income***	*Target >10%*
Monetary assets	
Sagebrush Fund (no designated purpose)	$3,000.00
Haley G & I Fund (no designated purpose)	$3,000.00
Ruth Fund (no designated purpose)	$3,000.00
Individual conserative fixed-annuity contract (Mia's retirement)	$3,000.00
Money market account (purpose: cash reserve) 3% yield	$1,800.00
Long-Term Goals (Savings for art & art gallery)	$1,800.00
Tyler Retirement Plan Contributions- Consumer Fund (3% of base salary)	$2,054.00
Tyler Retirement Plan Contributions- Graham Fund (3% of base salary)	$2,054.00
Tyler employer contribution, employer matches 50% on first 6%	$2,054.00
Mia Retirement Plan Contributions- Consumer Fund (10% of base salary)	$3,250
Mia employer contribution, employer adds 100% on first 3%	$975
Total personal savings & employer contributions	**$25,986**
Annual gross income	
Tyler	$102,700
Mia	$32,496
Total annual gross income	**$135,196**
Current ratio = 19%	

Debt ratio

The debt ratio measures your liabilities to your assets. As with the savings, you are in an excellent position here. The benchmark is less than 40% and you well below that at 14%. Since your only real debt derive from minimal credit card balances, your car loans, and your mortgage- you have proven to have been very aware of your spending. Again, kudos!

Debt ratio= ***Total liabilities*** **Total assets**	*Target* *<40%*
Total liabilities	
Visa credit card, Springfield Nat'l Bank	$3,500
Mastercard credit card, University Bank	$2,000
Mortgage, Springfield National Bank (124/360 pmt made)	$130,332
Auto, Ford (36/60 pmt made)	$10,396
Total liabilites	$146,228
Total assets	
Joint Monetary Assets	
Checking account (cash reserve)	$3,500
Savings account (cash reserve)	$10,000
Money market account (cash reserve)	$10,000
Checking account II (savings: art gallery/collection)	$5,000
Investment Assets	
Miscellaneous EE bonds	$25,000
Haley G&I Fund	$69,000
Konza Fund	$43,000
Ruth Fund	$13,000
Sagebrush Fund	$8,000
Retirement	
Tyler's 401(k)	
Consumer Fund	$69,000
Graham Fund	$134,000
Tyler's traditional IRA certificate of deposit	$52,000
Mia's 401 (k) Rocket Fund	$15,250
Mia's Rollover IRA	$32,500
Mia's traditional IRA certificate of deposit	$52,000
Mia's Conservative annuity- Potsdam Fixed Annuity	$125,000
Life insurance	
Tyler's whole life policy (cash value)	$8,750
Mia's whole life policy (cash value)	$8,350
Real Assets	
Primary Residence	$250,000
Personal/Collectibles	
Automobile, Ford Taurus	$20,000
Automobile, Nissan Quest	$15,500
Watercraft	$5,800
Yard equipment	$8,000
Jewelry and collectibles (Mia's ring, paintings, china, harp)	$10,000
Phil Mickelson-signed Calloway Driver golf club	$5,000
Golf artwork (Linda Hartough repro, set of 5 litho)	$5,000
Use/Lifestyle	
Furnishings	$45,000
Golf clubs/other sporting equipment	$2,500
Total assets	***$1,050,150.00***
Current ratio = 14%	

Long-term debt ratio

The long-term debt ratio varies from the debt ratio in that it only takes into consideration your annual payments of your long term debt, in your case the cars and mortgage, and the annual gross income. The benchmark is greater than 2.5% and you are well above that at seven percent. This means you make at least seven times of what you need to cover your long term debt payments.

Long-term debt ratio= **<u>Annual gross income</u>** / **Total Annual long-term debt payments**	*Target >2.5%*
Annual gross income	
Tyler	$102,700
Mia	$32,496
Total annual gross income	**$135,196**
Annual long-term debt	
Mortgage	$13,056
Auto loan payments	$5,412
Total Annual-term debt	**$18,468**
Current ratio = 7%	

Debt-to-income coverage income ratio

The debt to income ratio determines the ability to make consumer credit payments with the take home pay. Less than 15% is the target, and you are currently at six percent

Debt to income ratio= **<u>Annual consumer credit payment</u>** / **Annual take home pay**	*Target <15%*
Annual consumer credit payment	
Charge account and credit card payments	$5,100
Total annual consumer credit payment	**$5,100**
Annual take home pay	
Tyler	$67,262
MIa	$18,246
Total Annual take home pay	**$85,508**
Current ratio = 6%	

Credit usage income ratio

We used an assumed credit limit for this ratio as you have not supplied those exact limits. However, your balances are considerably low and we feel confident that if the limits are higher you would be able to reduce this easily. As seen below, the target is less than 30% and based on estimated limits you are currently at approximately 14%.

Credit usage ratio= **<u>Total credit used</u>** / **Total credit available**	*Target <30%*
Credit used	
Visa credit card, Springfield Nat'l Bank	$3,500
Mastercard credit card, University Bank	$2,000
Total credit used	$5,500
Credit available	
Visa credit card, Springfield Nat'l Bank	$24,000
Mastercard credit card, University Bank	$15,000
Total credit available	$39,000
Current ratio = 14%	

"Front-end" mortgage qualification ratio

The "front-end" mortgage qualification ratio compares your total mortgage payment (principle, interest, taxes, and insurance (PITI) to your total gross income. The recommendation is that this not exceed 28% which are you well below at 11%.

"Front-end" mortg. qual. ratio= **<u>Annual mortgage PITI payment</u>** / **Annual gross income**	*Target <28%-30%*
Annual mortgage (PITI) payment	
Mortgage	$13,056.00
Real Estate Taxes	$1,675.00
Homeowner's insurance	$700.00
Total Annual mortgage (PITI) payment	**$15,431**
Annual gross income	
Tyler	$102,700
Mia	$32,496
Total annual gross income	**$135,196**
Current ratio = 11%	

"Back-end" mortgage qualification ratio

The "back-end" mortgage qualification ratio is like the "front-end" mortgage qualification ratio except that it includes regular consumer debt payments in the assessment. Again, your credit card debt is considerably low so this ratio is still well below the <36%- 43% benchmark at 11%.

"Back-end" mortg. qual. ratio= **<u>Annual mortgage PITI & CC payment</u>** / **Annual gross income**	*Target <36%-43%*
Annual mortgage (PITI) & credit card payment	
Mortgage	$13,056.00
Real Estate Taxes	$1,675.00
Homeowner's insurance	$700.00
Charge account and credit card payments	$5,100.00
Total credit used	**$14,731**
Annual gross income	
Tyler	$102,700
Mia	$32,496
Total annual gross income	**$135,196**
Current ratio = 11%	

Financial ratios analysis

After having reviewed the standard financial ratios we find that you are in excellent standing. You have enough funds to cover liabilities, both short and long term. Your savings is well funded and your short term debt is incredibly low. Great job in living within your means! The only area of concern would be in your target of having a six-month bucket of funds to cover your total dedicated and discretionary expenses. We will provide some recommendations on helping you accomplish that goal within your desired timeframe of two years.

Recommendations

1. Increase cash flow

Based on the annual cash flow, you currently show a negative flow of $445 per month. In order to create a positive cash flow, we have noted some potential areas to reduce expenses some with minimal effort.

Recommendations (all the below):

1. **Clothing** expense is currently approximately $230 per month. Assuming part of this is due to Becky outgrowing toddler clothing (which is very common) we suggest joining community pages on social media sites where others may want to purchase lightly used children's clothing. You could use the proceeds to purchase new clothing to fit her growing needs. Consignment shops are also a great place to "sell" lightly used children clothes. If you're amenable to this idea, may we also suggest purchasing her clothes from the consignment shop as well or even thrift stores which often sell unused children clothes.
   Approximate increase of cash flow: $100 per month
2. While we recognize that **holiday giving** is very important, you would benefit by reducing this cost ($1800 per year). Perhaps you can purchase through-out the year at sale prices or use an app to find the lowest prices for the must have items. Another idea is to limit the recipients by suggesting secret Santa within families or just purchasing for the children. Estimated reduction is half.
   Approximate increase of cash flow: $75 per month
3. Many, if not all, magazines offer a free online version. Your current **magazine subscriptions** are $80 per month which can be eliminated by viewing the content online.
   Approximate increase of cash flow: $80 per month
4. Time with families during outdoor activities provide is great for bonding and creating memories. We see that approximately $450 per month of your expenses go towards **recreation activities**. Groupon and Living Social are great websites to find all sorts of local activities at deeply discounted prices as low as 55% off. You can buy these the day of and get immediate savings. It is also a great way to explore local activities otherwise unknown.
   Approximate increase of cash flow: $225 per month

Steps for implementation:

Who: Tyler and Mia

What: Reduce clothing expense, reduce holiday giving, cancel magazine subscriptions, reduce recreation spending

When: Within 30 days

Implications: These four recommendations would increase your cash flow by $400 per month, resulting in a negative cash flow of $45 per month (from -$445).

2. Pay off credit card debt

Having credit card debt can be stressful. Your current payments are $425 monthly which is very high considering your low balances. This is due to the high interest rates (18.25% and 16.75%) but also that you are paying an additional $225 per month to eliminate this debt which is a great approach.

Assumptions:

- Additional payment of $225 (beyond minimum payment) split evenly

If you remain status quo on your VISA card, it would take you 16 months to pay off the principal and you would have paid $460.86 in interest.

VISA: $3,500 balance, 18.25% APR, $252.50 monthly payment					
Payment #	*Monthly Payment*	*Principal Paid*	*Interest Paid*	*Remaining Balance*	*Total Interest*
1	252.5	199.27	53.23	3300.73	53.23
2	252.5	202.3	50.2	3098.43	103.43
3	252.5	205.38	47.12	2893.05	150.55
4	252.5	208.5	44	2684.55	194.55
5	252.5	211.67	40.83	2472.88	235.38
6	252.5	214.89	37.61	2257.98	272.98
7	252.5	218.16	34.34	2039.82	307.32
8	252.5	221.48	31.02	1818.35	338.35
9	252.5	224.85	27.65	1593.5	366
10	252.5	228.27	24.23	1365.23	390.23
11	252.5	231.74	20.76	1133.5	411
12	252.5	235.26	17.24	898.24	428.24
13	252.5	238.84	13.66	659.4	441.9
14	252.5	242.47	10.03	416.93	451.93
15	252.5	246.16	6.34	170.77	458.27
16	173.36	170.77	2.6	0	460.86

If you remain status quo on your MasterCard card, it would take you 13 months to pay off the principal and you would have paid $195.41 in interest.

Mastercard: $2,000 balance, 16.75% APR, $172.50 monthly payment					
Payment #	*Monthly Payment*	*Principal Paid*	*Interest Paid*	*Remaining Balance*	*Total Interest*
1	172.5	144.58	27.92	1855.42	27.92
2	172.5	146.6	25.9	1708.82	53.82
3	172.5	148.65	23.85	1560.17	77.67
4	172.5	150.72	21.78	1409.44	99.44
5	172.5	152.83	19.67	1256.62	119.12
6	172.5	154.96	17.54	1101.66	136.66
7	172.5	157.12	15.38	944.54	152.04
8	172.5	159.32	13.18	785.22	165.22
9	172.5	161.54	10.96	623.68	176.18
10	172.5	163.79	8.71	459.89	184.89
11	172.5	166.08	6.42	293.81	191.31
12	172.5	168.4	4.1	125.41	195.41
13	127.16	125.41	1.75	0	

Recommendations:

1. Keeping in mind that you'd like to create a six-month emergency fund, it would be prudent for you to pay off this debt using either your savings, money market account funds or income tax refund so you can repurpose those payments.
   Approximate increase of cash flow: $425 per month. Use 2018 Income tax refund so no change on net worth

OR

2. If you'd rather keep your current cash reserve, we recommend transferring the high rate cards to a zero interest offer (check your bank or websites for zero/low interest promotions). Fees are typically three percent of balance transfer ($5,500 * 3%= $155) and would save you $501 overall). Principal would be paid off in approximately 14 months.
   Cash flow & net worth remains as is, two months of credit card payments avoided, $425 repurposed 14 months from now, would generate $3,400 in the eight months remaining (out of 24) to accumulate emergency fund.

Out of the two above mentioned options we recommend option 1 so that you can repurpose the current $425 to your cash reserve.

Steps for implementation:

Who: Tyler or Mia

What: Use income tax refund to pay off credit card debt

When: Within 45 days

Implications: Approximate increase of cash flow: $425 per month. Use 2018 Income tax refund so no change on net worth

3. Refinance mortgage

Your current mortgage has an 7.875% APR with a monthly payment of $1,087.60 for principal and interest. As of today in Missouri, rates are 4.166% and 3.9% for a 20 year and 15-year loan. (Nerdwallet, 2019)

Assumptions:

- Current monthly payment is $1,088
- If left alone, total remaining outflow over life of existing loan would be $256,768
- Closing cost is three percent of the mortgage
- Analysis to be provided showing impact of closing costs both in the mortgage and from assets.

Recommendations:

1. **20-year fixed mortgage**

20-year fixed mortgage rate	Amount owed	Closing Cost	Payment with closing included	Total Interest with closing included	Total payments over life of loan	Payment without closing included	Interest without closing included	Total payments over life of loan
3.90%	$130,332	$3,910	$806	$59,300	**$193,542**	$783	$57,572	**$187,904**

Total minimum payment including closing costs, would be $806. This would result in a **$282 increase in cash flow** per month. We present this as an option because you'd like to retire in 20 years.

OR

2. **15-year fixed mortgage**

15-year fixed mortgage rate	Amount owed	Closing Cost	Payment with closing included	Total Interest with closing included	Total payments over life of loan	Payment without closing included	Interest without closing included	Total payments over life of loan
3.62%	$130,332	$3,910	$968	$39,927	**$174,169**	$939	$38,764	**$169,095**

Total minimum payment including closing costs, would be $968. This would result in **a $120 increase in cash flow** per month. The loan would be retired in 15 years and would save you $83,599 over the life of the loan versus the loan you currently have.

Check Your Money

Out of the two above mentioned options we recommend option 1 as it aligns with your preferred retirement timeline.

Steps for implementation:

Who: Tyler or Mia

What: Contact current mortgage company and begin refinance process for 20 year mortgage

When: Within 45 days

Implications: This would result in a **$282 increase in cash flow** per month. Timing for pay off aligned with desired retirement timeframe.

4. Create Six Month Emergency Fund

Based on the emergency fund ratio, you currently have three months of total dedicated and discretionary expenses in cash reserve. You would like to have six months' worth and are targeting two years to arrive at this goal. Below are assumptions we have used to generate the recommendations that follow.

Assumptions:

- Include total dedicated and discretionary expenses (excluding taxes & reinvested earnings expense), $7,581. Total reserve needed: $45,486.
- Current reserve (not including Mia's art gallery savings): $23,500.
- Two-year timeframe to accumulate remaining
- Mia is willing to use her accumulated art gallery savings ($5,000) which is not currently earning interest
- The Bedos are comfortable using a three percent yield on savings/money market accounts
- Using the increase in cash flow recommendations provided:

    - $400 increase in cash flow created in "Increase cash flow" recommendation
    - $425 increase in cash flow created in "pay off credit card debt" recommendation #1
    - $282 increase in cash flow created in "refinance mortgage" recommendation #1

Emergency fund ratio=	Monetary assets / Monthly living expenses	Target >6 months
Monetary assets		
Checking account (cash reserve)		$3,500
Savings account (cash reserve)		$10,000
Money market account (cash reserve)		$10,000
Total monetary assets		$23,500
Monthly living expenses		
Dedicated expenses (not including taxes paid)		$3,115
Discretionary expenses		$4,466
Total monthly living expenses		$7,581
Current ratio = 3.10		

Recommendation:

Using recommendations as outlined in the assumptions we have created a positive cash flow of $662 per month. Including Mia's accumulated art gallery savings, $16,986 is needed. We will be detailing a life insurance recommendation in a subsequent section which will provide these funds.

Recommendation	Current Annual Spend	Proposed Annual Spend	Change on Annual Cash flow	Change in net worth
Reduce discretionary expenses	$2,760	$1,200	$1,560	$0
Pay off credit card debt	$5,100	$0	$5,100	$5,100
Refinance mortgage	$13,056	$9,672	$3,384	-$3,900
6 month emergency reserve	$1,800	$0	$1,800	$0

Bedo Family Tax Analysis*

ANALYSIS OF CURRENT STATE
TAX STRATEGY RECOMMENDATIONS

* **THIS MATERIAL HAS BEEN PREPARED FOR INFORMATIONAL PURPOSES ONLY.**

IT SHOULD NOT **BE USED AS A SUBSTITUTE FOR CONSULTATION WITH A TAX PROFESSIONAL.**

Many phases of financial planning can affect your tax liability as you will see as we move along the plan. The recent tax law changes have increased the Federal standard deduction thereby simplifying the tax process for form 1040 filers with lower than standard expenses. This is where you fall. Usually mortgage interest is the highest expense for filers but you fall under the threshold. We can still reduce your Federal liability by over the line expenses such as increased retirement contributions, health spending account contributions and other items to be covered in those specific areas. In addition, there are several options to reduce your state tax liability as well.

Income Assumptions:

- Annual wages & bonuses $135,196 (Tyler $102,700; Mia $32496)
- Section 79 Income $118 (Tyler $22; Mia $96)
- Taxable interest and dividends $4,177 (joint)

Withholding Assumptions:

- Federal income tax withholding $22,178 (Tyler $18,668; Mia $3,510)
- State & Local withholding $ 6,266 (Tyler $4862; Mia $1,404)
- FICA tax withholding $10,286 (Tyler $7,800; Mia $2,486)

Tax Rate Assumptions:

- Married filing jointly filing status
- Twenty-two percent Federal tax bracket
- Five percent Missouri tax bracket
- Qualify for one state deduction (result of expenses paid) worth $1,000 & two state exemptions (based on filing status & dependents claimed) valued at $900 each
- State calculation based on Federal adjusted gross income

Additional Concern:

- Tyler believes the amount withhold for FICA may have been incorrect last year

Your current status:

Unfortunately, the 2018 tax laws impacted your ability to take three deductions: Employee expenses (no longer available), and since you’re not over the standard deduction threshold, charitable expenses & state/local/real estate (SALT) taxes, or the potential for the energy credit for your roof (form 5695). You are very close but even if we made a change such as increasing your charitable contributions, it would honestly not yield enough of a return to warrant the change.

Itemized Deductions		
Medical and Dental Expenses	$	1,080.00
AGI Medical Deduction Requirement	$	9,349.86
Amount of Deduction	$	-
Taxes Paid	$	7,941.00
Home Mortgage Interest	$	10,235.00
Investment Interest	$	-
Home Purchase Points	$	-
Gifts to Charity	$	5,800.00
Other Deductions	$	-
Total Itemized	$	23,976.00
Standard Deduction	**$**	**24,000.00**

In addition, it seems that your collective withholdings are considerably higher than your current tax liability. Having a buffer can help for unexpected tax law changes that can affect your liability. However, you are currently receiving a refund of $9,605. We can tell by your low credit card debt that you don't tend to overextend yourselves financially. If you simply adjust your witholdings you can increase your monthly cash flow to help with other goals. This can be done by submitting a new W-4 to your employer increasing the number of allowances.

Federal Tax Planning Estimator	Assumption:		Married Filing Jointly	
Gross Income	$	135,922.34		
Pre-Tax Retirement Contributions	$	7,357.59		
Other Pre-Tax Payroll Deductions	$	3,900.00		
Reportable Gross Income			$	124,664.75
Adjusted Gross Income			$	124,664.75
Number of Children Dependents Under Age 17	$	1.00		
Itemized Deductions				
Medical and Dental Expenses	$	1,080.00		
AGI Medical Deduction Requirement	$	9,349.86		
Amount of Deduction	$	-		
Taxes Paid	$	7,941.00		
Home Mortgage Interest	$	10,235.00		
Gifts to Charity	$	5,800.00		
Total Itemized	$	23,976.00		
Standard Deduction	$	24,000.00		
Taxable Income			$	100,664.75
Tax on Income			$	14,025.01
Long-Term Capital Gain and Qualified Dividend Tax			$	-
Social Security & Medicare Taxes			$	10,833.85
FICA Taxes Withheld	$	10,286.00		
Tax Withheld or Paid	$	22,178.00		
Child tax credit	$	2,000.00		
Total Tax Due or (Refund)	$	(9,605.15)		

State Tax:

After reviewing the results utilitizing the Missouri tax withholding calculator for Tyler's bi-weekly contributions, you are currently contributing a little too much per pay cycle. Your MO state taxes to withhold are $110 and you're currently withholding $187. There was no indication in your expenses how much was withheld for your bonus. However, your collective withholding (Tyler & Mia) is only about $173 higher than the liability. We suggest leaving this status quo.

STATE INCOME TAX WORKSHEET		
Assumes State Tax Linked to Federal AGI		
State Marginal Tax Bracket		5.00%
State Deduction Amount	$	1,000.00
State Exemption Amount	$	900.00
Tax Credit Amount	$	-
Number of Exemptions		2.00
Federal AGI	$	124,664.75
State Taxable Income	$	121,864.75
Before Credit Tax Liability	$	6,093.24
STATE TAX LIABILITY	**$**	**6,093.24**
State Withholdings	**$**	**6,266.00**
(Refund) or Amount Due	$	(172.76)

FICA concern:

Due to a computer issue, Tyler's employer may have miscalculated the Social Security portion of the FICA tax (7.65%). The 2018 wage cap for the Social Security withholding is $128,400. Therefore, Tyler was not affected by the computer payroll issue since his wages were $102,699.

Payroll Taxes: Cap on Maximum Earnings		
Type of Payroll Tax	**2019 Maximum Earnings**	**2018 Maximum Earnings**
Social Security	$132,900	$128,400
Medicare	No limit	No limit
Source: Social Security Administration.		

Recommendations:

The recent tax law changes have put you in a simplified tax position. You could net a small savings by putting yourself in the position to be able to itemize but frankly this would yield an incredibly low return. Keep in mind that these laws are in only in effect for another nine years, so we can revisit this down the line.

As of 2018, as a W2 employee, Tyler is not able to deduct the employee expenses he had previously been able to. An option to address this would be to be a contracted employee. However, considering that Tyler wants to retire with his current employer, it is unlikely for this to be a viable option.

Your current withholdings are considerably higher than your federal tax liability. We suggest increasing your allowances thereby increasing your cash flow. These funds can be used towards your existing goals such as the home addition, the gallery, and Becky's college eduation.

Steps for implementation:

Who: Tyler and Mia

What: Submit new W4 to employer increasing allowances

When: Within 30 days

Implications: Reduced federal tax refund, increased annual cash flow approximately $7,200.

Bedo Family Insurance-Personal Analysis

LIFE INSURANCE ANALYSIS
HEALTH INSURANCE ANALYSIS
DISABILITY INSURANCE ANALYSIS
LONG TERM CARE INSURANCE ANALYSIS

Life Insurance Analysis

Part of financial planning includes ensuring everyone's needs are met in the event of an emergency. This can provide for your family in the event of a premature death. Social Security benefits are "a special lump-sum death benefit of $255, and/or a payment that provides an ongoing monthly death benefit called a survivor benefit **(Anspach, 2019)**". The ongoing survivor benefit is more substantial than the lump-sum death benefit, however, it is not a 100% replacement of the lost income. For families, especially those with dependents, this necessitates life insurance coverage to be put in place.

Assumptions:

Coverage:

- Mia's current coverage:
  - $100,000 private Whole life, $8,350 cash value
  - 4 x salary Group term
- Tyler's current coverage:
  - $100,000 private Whole life, $8,750 cash value
  - 1 x salary (not including bonus) Group term
- Bedoes are willing to allocate $100,000 of investment assets toward survivor needs
- Current Social Security benefits in the event of Tyler's death are:
  - $23,448 yearly to Mia after age sixty-seven
  - $17,580 additional yearly to Mia until Becky turns age eighteen
  - $17,580 yearly to Becky until age eighteen
  - $16,765 yearly to Mia from age sixty to age sixty-seven (This is a 28.5% reduction in benefits based on age sixty-seven survivor benefits)
- Current Social Security benefits in the event of Mia's death are:
  - $26,400 yearly to Tyler after age sixty-seven
  - $9,552 additional yearly to Tyler until Becky turns age eighteen
  - $9,552 yearly to Becky until age eighteen
  - $0 yearly to Tyler from age sixty to age sixty-seven

Needs:

- Household expense annual, before tax, needed at either client's death is $115,000 in today's dollars
- Final expense needs: $79,000 in today's dollars for expenses as well as amount to pay off of mortgage and all liabilities.
- Capital retential replacement ratio assumed to be 100 percent.

Additional:

- Life expectancy for Tyler and Mia is age ninety-five

- Non smoking, no health or lifestyle risk factors
- Mia's parents died in their fifties of cancer; Tyler's parents are still alive
- Cash settlements at either client's death to be invested in a moderately conservative portfolio before and after retirement. This point is not negotiable as it relates to rate-of-return. Expected rate of return would be 7.75% before-tax, 5.4% after-tax
- Surviving spouse to work until age 60 and begin taking early survivor benefits if available
- Interest and dividends will not be used as an income source
- Fund 100% of Becky's college education. Tuition is $10,000 per semester, in today's dollars, and are increasing at five percent per year

Analysis:

You currently have both group term and whole life insurance. In both cases it is ideal to obtain these policies while you are healthy since they can require a health exam. In general, term is the easiest and most affordable. In this case they are offered by your respective employers making it essentially free money. Purchased privately they can be purchased for a specific time period and can be renewed. They do not build a cash value; once the policy term has ended so has your coverage and there is no cash back.

You also own private whole life policies which have more expensive premiums than term. These not only provide a death benefit but also build cash value based on return on investment which makes it a great estate planning tool. This cash value can be withdrawn or borrowed. However, considering your age and current health status, term life can be more economical.

There are certain factors that are taken into consideration by life insurance underwriting. These include lifestyle, occupational, and health factors. Mia's employment is not high risk and there are no lifestyle concerns. While we have been asked to assume life expectancy of 95 years and there are no current health issues, it concerns us that Mia's parents both passed in their fifties of cancer. We feel this may have a negative impact on underwriting thereby a potentially higher premium. Tyler's job, while includes him visiting golf courses, is in a management and consulting capacity. We see no underwriting issues for Tyler.

We have reviewed your goals and your individual income replacement needs in the event of either client's death within the next 13 years. This timeframe was chosen as a result of your desire to fund Becky's college education by 100%. After careful analysis of your goals and assumptions, utilizing the Capital Retention Approach will ensure that Becky would receive an inheritance and either client would not outlive the available capital.

The below insurance need is based on the need for $115,000 annual, Becky's college education, funeral and estate costs, and debt payment including the home. It also considers the current life insurance policies and retirement plans for net need.

CAPITAL RETENTION APPROACH	Tyler	Mia
Gross Need	$1,995,785.23	$631,500.61
Net Need (Subtracting Current Insurance & Assets)	***$1,472,318.23***	***$201,766.61***

Current Life Insurance Coverage	Policy 1	Policy 2	Policy 3	Policy 4
(Current) Death Benefit	$100,000	$100,000	$68,467	$129,984
Insured	Tyler	Mia	Tyler	Mia

As can be seen via the current life insurance coverage, Tyler is under insured. In addition, based on yearly price per thousand benchmark, both are over paying for coverage.

	Tyler	Mia
Cost Per Thousand	$ 7.63	$ 6.28
Recommended Price	$ 4.00	$ 4.00

Recommendations:

We researched polices in your area with your health and employment factors. AIG insurance can provide 1.5 million coverage for a 20 term policy at approximately $105 per month for Tyler. We've also found $200,000 coverage for Mia, also a 20 year term policy for $77 per month. (AIG, 2019) While this isn't a significant savings of monthly outflow for Mia, it does bring her cost per thousand to $4.62 which is closer to benchmark pricing.

Our recommendation is to purchase these particular private term policies as they are more in line with your coverage needs. Once the purchases are complete you can cancel your existing whole life policies and redeem the cash values of $8,750 and $8,350. In addition, since your current term policies are company paid, we recommend to maintain this coverage. Lastly, we also suggest checking with your respective benefits departments for child coverage. This is usually a nominal charge for approximately under 10K worth of coverage that would assist with funeral costs.

The cash values of the policies are the amounts needed to complete your cash reserve need of $16,986. Therefore, these funds should be moved to your money market account for that purpose.

Steps for implementation:

1.

Who: Tyler & Mia

What: Contact benefits departments for child coverage

When: Within 30 days

2.

Who: Tyler

What: Contact AIG for 1.5 million coverage, 20 year term

When: Within 30 days

Next: Cancel whole life, redeem cash value, add to money market account for cash reserve

Implications: Increased coverage, **increased annual cash flow $156, cash reserve met**

3.

Who: Mia

What: Contact AIG for 200K coverage, 20 year term

When: Within 30 days

Next: Cancel whole life, redeem cash value, add to money market account for cash reserve

Implications: Increased coverage, **reduced annual cash flow $36**, **cash reserve met**

Health Insurance Analysis

Assumptions:

- Health maintenance organization (HMO) Group policy through Tyler's employer
- Pretax premium payments
- Rates:
    - Cost $3,600 annually, pretax via S125 plan
    - Annual deductible $450
    - Stop-loss $3000
    - Copay for primary care physician $20
    - Copay for specialist $40
    - Prescriptions: Generic $10, other brands $25
    - No lifetime ceiling for services
- Dental & eye care expenses $50 monthly average, paid out of discretionary cash flow
- Thirty percent combined state and federal tax bracket; 7.65% FICA

Analysis:

Current Bedo family plan type is Health Maintenance (HMO) which is the lowest of managed cost plans. This type of coverage restricts physician and hospital choice but since you're both in great health living a low risk lifestyle, we don't particular see this as an issue. The cost for this coverage is relatively low as are your deductable and copays. Lastly, there is lifetime ceiling for services eliminating the risk of a unforeseeable catostriphic health event to leave you with exhorbant out of pocket costs. Comparing cost and family needs, this plan fits your family.

We were unable to locate data regarding a dental or eye care policy. Based on your discretionary cash flow, there is a a monthly average of $50 in expenses. Rates for these types of policies are generally low. This is something that should be examined during your next open enrollment.

An area in which we see a potential for change would be in the health care flexible spending arrangment (FSA) that you are not currently contributing to. As you have stated, the "use it or lose it" component has deterred you from doing so previously. We are pleased to inform you that 2018 FSA rules and changes now include a carryover option which allows an employee to transfer $500 of unused contributions from one plan year to the next. There is also a grace period option, wherein an employee has two and a half months after the end of the plan year in which to use his or her unused contributions. Maximum contributions are $2,650 per year.

Recommendation:

FSA contributions are free of Federal, State, and FICA tax. We see your current qualified medical costs are approximately $90 per month. That's a conservative recommended tax free contribution of $1,080.

Option 1: Cushion and 2 additional months (following year) expense coverage

To create a cushion for unplanned expenses ($500) and maximize your tax free use, we recommend contributing $1,760. This will allow you to contribute $180 that can be use in the subsequent year free of tax. If the additional $500 is not use this can be carried over.

The increased payroll deduction including tax savings would be $ 1,097. Your current outflow is $1,080.

Option 2: Cushion and only 12 month's expense coverage

To simply create a cushion that can be rolled over ($500) and cover your average annual spend we recommend contributing $1,580.

The increased payroll deduction including tax savings would be $1,220.21. Your current 12 month spending $1,080. Cash flow savings $140.21 (medical spending) + $359.79 (tax benefit).

We recommend option 2 for year 1. Contribution can be revisited after year one to determine whether it should be adjusted.

Steps for implementation:

Who: Tyler

What: Elect to contribute to FSA

When: Open Enrollment

Implications: Assuming Option 2 is taken, increased annual cash flow $500.

Disability Insurance Analysis

Assumptions:

- Tyler and Mia are both covered for short term disability (90 days) by their employers, company paid, 100% of salary and bonus
- Tyler is covered for long term disability (to age 65) by his employer, company paid, 60% of salary and bonus
- Mia is covered for long term disability (to age 65) by her employer, self paid with pre tax dollars, 70% of salary and bonus
- No Social Security disability benefits
- Funding of financial planning goals to continue in the event of a disability
- Moderately conservative asset allocation for any cash settlements received
- Moderately conservative investment return: 7.75% before-tax, 5.4% after-tax
- Mia's parents died in their fifties of cancer
- 100 percent income replacement ratio
- Current joint monetary assets ($28,500) for elimination period
- Investment assets for other disability needs $158,000

Analysis:

Both short and long term disability can be cause a strain on your finances. While you are both healthy, it does concern us that both of Mia's parents passed from cancer. Without knowing the type of cancer, "The genes we are born with may contribute to our risk of developing certain types of cancer, including breast, ovarian, colorectal, and prostate cancer." A cancer risk assessment can be performed by your medical practitioner. However, solely on knowing they passed from cancer at a relatively young age, we feel that you should be protected for the possibility. We see that you both have short and long term coverage. Since both coverages are 100% of salary and bonus you are fully insured. Keep in mind that since these policies are company paid you will incur a tax liability for these benefits.

Examing your long term disability coverage shows us that you are under insured for 100% salary benefit. Tyler's benefit of 60% of salary and bonus is company paid so any benefit would be taxable. This may not seem like an issue since his regular salary is also taxable, however one must keep in mind that there would already be a reduction of income by only receiving 60%, $4,309 monthly. Assuming a 30% combined state and federal tax bracket he would only be receiving $3,016 after tax.

Tyler's current benefit is also "Own occupation". "Policies with 'own occupation' coverage define a disability in relation to your ability to work in your own occupation. That means you could still qualify for disability benefits if you're still able to work in other occupations. Without this feature, you'd have to be unable to work in any occupation to qualify for disability benefits. This is a much stricter definition of disability." (PolicyGenius, 2019)

Mia's is self paid so there would be no tax liability for benefits paid to her. The coverage for Mia is "Modified own occupation." "Total disability or totally disabled under a **modified own occupation** definition means that, solely due to injury or illness, you are not able to perform the material and substantial duties of your regular occupation and you are not gainfully employed. The point is, if you are gainfully employed, under the modified own occupation definition, you will not be considered totally disabled. Most modified own occupation definitions convert to an any occupation definition after 24 months." (TermLife2Go, 2017)

We know that you'd like to continue to fund financial planning goals in the event of a disability so we have researched some insurance policies for the gap.

	Tyler	Mia
Yearly Shortfall While In Disability	$112,449	$63,306
Monthly Income Shortfall	$9,371	$5,275
	Tyler	Mia
Monthly Investment Earnings	714.29167	714.2917
Total Monthly Short-Term Income Available While In Disability	$6,705	$2,610
Monthly Short-Term Disability Need	$2,666	$2,666
Assets Needed to Fund Short-Term Disability Need	$7,997	$12,558
Does Client Have Sufficient Elimination Period Assets to Meet Short-Term Disability?	Yes	Yes
LONG-TERM DISABILITY		
Monthly Tax-Free Long-Term Social Security Disability Benefits	$0	$0
Monthly Other Taxable Benefits or Income for Long-Term Disability Use		
Monthly Investment Earnings	$714	$714
Total Monthly Long-Term Income Available While In Disability	$4,309	$2,610
Monthly Long-Term Disability Need	$5,062	$2,666
Assets Needed to Fund Long-Term Disability Need	$1,392,693	$733,397
Does Client Have Sufficient Monetary and Investment Assets to Meet Long-Term Disability Needs?	No	No
SUMMARY		
Monthly Short-Term Disability: How Much is Needed?	$0	$0
Monthly Long-Term Disability: How Much is Needed?	$5,062	$2,666

Recommendations:

Short term coverage:

There is no additional short term coverage needed. Recommendation is to maintain existing policies

Long term coverage:

Option 1: Maintain existing policies and obtain a private policy for the gap

Supplemental coverage is available for approximately $90-$122 for Mia and $184-$249 for Tyler. This includes Residual Disability Coverage, and non cancellable clause which guarantees renewed coverage as long as premiums are paid. Increasing the waiting period provides an insignificant premium savings so the standard ninety days is recommended.

Increase annual outflow is approximately $3,288.

Option 2: Maintain existing policies and only obtain a supplemental private policy for Tyler

Keep in mind the gap is greater for Tyler due to the taxability of his benefits. Also, Tyler's income is 70 percent of the household income. Since his long term policy only provides 60 percent of his salary and bonus as coverage and the benefit is taxable we recommmend obtaining coverage to protect that income. Per Policy Genius, a plan is available which would provide a benefit of $5,200 which would cover the needed amount of $5,062 and would be non-taxable. This would replace 100% of his after tax income.

42 yr. old male, living in MO
Monthly Range
$184 to $249
Your plan features
Existing coverage $5,135
Benefit amount $5,200
Waiting period 90 days
Benefit period up to age 65
All plans include
Own Occupation Coverage
Residual Disability Coverage ("Policies with residual disability coverage will also pay benefits for partial disabilities, which cause a loss in income (but don't totally prevent you from working). There's a higher likelihood of partial disability versus total disability, so this is a recommended feature.") (PolicyGenius, 2019)
Non-Cancelable Feature ("A non-cancelable policy means that as long as you pay the premiums, the insurer can't cancel the policy, change the premiums or change the benefits. Basically, you "lock in" all aspects of your policy.") (PolicyGenius, 2019)

*Quote obtained from PolicyGenius

Increase annual outflow is approximately $2,208.

Steps for implementation:

Who: Tyler

What: Contact insurance agent to obtain supplemental coverage for Tyler

When: Within 60 days

Implications: Household needs covered should Tyler need long term disability benefits. Replacement of 100% of Tyler's after tax income. Use savings for gap in coverage for Mia if needed. **Increase annual outflow is approximately $2,208.**

Long Term Care Insurance Analysis

Assumptions:

- Annual nursing home expenses $49,000 in today's dollars
- Assisted living facility average stay of 2.5 years beginning at age 75
- Nursing home average stay of 1.5 years beginning at age 83
- Rate of inflation for long-term care expenses 5 percent per year
- Household expense annual, before tax, need at either client's entering facility is $115,000 in today's dollars
- Assets for long-term care expenses growth of 5.5 percent after-tax rate of return
- Mia and Tyler are in good health
- Mia's parents died in their fifties of cancer

Analysis:

Long term care insurance "can cover a range of services from home health care, care at an adult day care center, in-home care, assisted living care, skilled nursing care, hospice care, or some combination of these needs". (Lytton, Grable, & Klock, 2013) The American Association for Long-Term Care Insurance(AALTCI) recommends that individuals take out a policy in their mid-50s.

"An average long-term care insurance policy includes benefits like waiver of premium, alternate care, equipment and home modifications, bed reservation and homemaker and chore service. You may purchase additional riders, too, including:

- Inflation protection
- Restoration of benefits
- Survivorship benefit
- Waiver of Home Health Care Elimination Period
- Return of Premium
- Nonforfeiture benefit

Each of these riders increases your total cost by five to 75 percent, so choose your coverage carefully as you balance your expected needs and budget." (TFW Insurance, 2018)

Based on your current non retirement assets and future value of care, below reflects the coverage need:

LTC Need	
Cost of LTC at Age of Need	$ 245,156.24
Cost of Total Stay for One Person	$ 973,710.16
Cost for Couple (Joint Stay)	$1,947,420.32
FV of Assets	$ 923,950.36
Net LTC Need Per Person	$ 49,759.81
Net LTC for Couple	$1,023,469.97

At the present time, due to your current ages, it does not make financial sense to purchase this coverage. Considering Mia's family history we do recommend you be proactive about reconsidering this at about age 50. It is important not to prolong this too much however because rates will increase. Rates correspond to age, with annual premiums increasing two to four percent per year every new birthday after age 50. In addition, rates are lower when one is healthy. Rates increase if you develop health conditions or take too many prescription medications.

Recommendation:

Revisit long-term care insurance at age 50 with Mia as the priority. Be advised that Missouri is a Partnership Plan state. As such you are eligble to "purchase a lower-cost, state-certified policy and protect a certain level of assets while remaining Medicaid eligible." (Lytton, Grable, & Klock, 2013) Medicaid a public medical assistance program for people with low-income and limited financial resources. A partnership policy makes it easier to qualify for Medicaid if you have exhausted the benefits of your long-term care insurance policy. Depending on your net worth at that time you may consider self insuring with a Medicaid backup.

BEDO FAMILY INSURANCE-PROPERTY AND CASUALTY ANALYSIS

AUTOMOBILE INSURANCE ANALYSIS
HOMEOWNERS INSURANCE ANALYSIS

Property/Casualty Analysis

Automobile Insurance

Your automobile policy will cover you and other family members on your policy, whether driving your insured car or someone else's car with permission. Your policy also provides coverage if someone not on your policy is driving your car with your consent. We have performed a review of your current policy limits, rates, and coverage.

Assumptions:

- Split-limit coverage of 100/300/50 on both cars
- $100,000 uninsured/underinsured motorist coverage
- $500 deductibles for both comprehensive and collision coverage
- Medical Payment coverage not mentioned, assuming not covered

Analysis:

You currently have Split Limit Liability coverage broken down as a 100/300/50 split (the split listed is in thousands). This means you are covered for: $100,000 medical bodily injury coverage per person, $300,000 bodily injury coverage for the entire accident and $50,000 total property damage. The minimum limits in Missouri are 25/50/10. Therefore, you currently have about four times more coverage than required in your state. **(Lytton, Grable, & Klock, 2013)** You can lower your limits to reduce your premium cost but we also know you are risk averse.

You also have $100,000 in uninsured/underinsured motorist coverage. This seems a bit excessive because you're not a high risk state. Only "individuals who reside in areas where there is a concentration of uninsured drivers may want to consider higher limits for uninsured or underinsured motorists insurance." **(Lytton, Grable, & Klock, 2013)**

Lastly, we don't see that Medical payments not are mentioned so we have assumed no coverage. What you currently have is bodily injury coverage which is required but not sufficient. "Bodily Injury liability insurance is coverage against you being at-fault in an auto accident in which there is bodily injury to a third Party most often in another car. Medical payments is a coverage designed to cover the medical expense of individuals within your car." We consider this gap in needed coverage a risk.

Recommendation:

After some research we were able to find significant savings by switching to Progressive insurance for your auto coverage. We would normally recommed reducing your limits since it is beyond your state minimums. However, we were able to find a rate less than half of what you're currently paying for the same coverage. (Figure 1,Figure 2) You are currently paying $1,000 semi annually and you are able to obtain coverage for $495 semi annually. (Progressive Direct, 2019)

Coverage includes Medical payments of $1,000 per person. Progressive will pay for the cost of certain medical care you get up to the limit you choose, as the result of an accident, regardless of who's at fault.

This also includes "gap insurance" for the Taurus which is the newer of the two vehicles. If your car is totaled or stolen, there may be a "gap" between what you owe on the vehicle and your insurance coverage. Gap insurance pays the difference.

Progressive offers roadside assistance coverage. This is for certain roadside repairs or towing services when your vehicle breaks down due to mechanical or electrical issues, a dead battery, a flat tire, a lock-out, or if you run out of gas. The additional cost is five dollars but we recommend against adding this. Although the price is nominal it is best not to submit any claims to your insurance. We recommend AAA which offers more benefits for the same cost. (AAA, n.d.) You would also get discounted entertainment tickets, hotel, airfare, and so much more.

Steps for implementation:

1.

Who: Tyler or Mia

What: Contact Progressive and initiate coverage

When: Within 30 days

Implications: Increased annual cash flow $1,010

2.

Who: Tyler or Mia

What: Contact AAA and join

When: Within 30 days

Next: Cancel current insurance coverage

Implications: Increased coverage, decreased annual cash flow $68

Property/Casualty Analysis

Homeowners Insurance

Homeowners coverage protects your home (Coverage for the structure), your belongings (Coverage for your personal belongings), and in some part, your actions (Liability Protection). Should you be displaced due to a fire or disaster policies generally cover temporary placement (Coverage for Additional Living Expenses). Homeowner policies are required but at times we find that the insured values do not keep up with inflation or valuable items purchased after the policy is put into place.

Assumptions:

- HO-3 policy with $100,00 liability limit, replacement value on contents
- Home insured for $225,000, current value $250,000
- Inflation endorsement unknown
- $500 deductible
- $700 annual premium

Analysis:

The HO3 (special form) is the most widely available policy form which covers a broad range of property types, but offers a more limited coverage for your personal belongings. There is another option, an H05 (comprehensive form) which removes many of the limitations of the H03 and expands existing coverages for jewelry items. It also automatically includes replacement cost coverage on contents and offers a simplied claims process. While an H05 policy may be more cost effective, an H03 policy can be customized to mimic an H05 at a lower cost.

Your home is currently insured for less than its value which may explain the current low rate. The average premium for your area is $2377 (The Zebra, n.d.) and you are currently paying $700. We checked with Progressive (to take advantage of a multi policy discount given the previously mentioned automotible policy) (Figure 3) as well as “Hippo”. While being about $50 more a year than Progressive, Hippo provided a better value at $2,583 a year.Figure 4 (double click for whole document.

The Hippo policy provides almost $100,000 more in dwelling coverage which is more in line with the current home value. It also provides $217,000 replacement cost for your personal belongings. It also provides wind coverage which is needed given your region. Lastly, it increases your liability coverage from $100,000 to $300,000. We feel this is necessary as have considered you high risk in terms of liability due to: Tyler’s golf hobby, your boat, and your dog.

Unfortunately the jewelry protection is not sufficient at $2,000 (

Figure 5

Figure 5) and we are also aware of valuables that you own. “Most insurance companies will place special limitations on valuable personal property. If you want to increase the coverage for these items, you would need to add an endorsement.“ (The Zebra, n.d.) You will need to provide appraisals for these items so that they are covered at their valued amount. “Personal and family treasures can either be worth a lot of money or not much more than their sentimental value. Doing your due diligence is necessary to determine the value of all of your collectibles when you’re interested in selling or insuring your property.” (Hippo, 2017)

Recommendations:

Although changing policies will decrease your cash flow, we highly recommend obtaining the increased coverage. While an H05 policy may be more cost effective, an H03 policy can be customized to mimic an H05 at a lower cost therefore a customized H03 policy is recommended. You are currenty underinsured given your home value and risk factors. In addition, you have valuables that are not fully covered in your policy and will require a floater policy to “schedule” your individual valuables once they have been appraised.

Steps for implementation:

1.

Who: Tyler or Mia

What: Contact a reputable appraisal firm for your valuables.

When: Within 30 days

2.

Who: Tyler or Mia

What: Contact Hippo to initiate policy

When: Within 60 days

Next: Cancel current insurance coverage

Implications: Increased coverage, decreased annual cash flow $1,883.

Umbrella policy analysis

An umbrella liability policy covers a much higher limit and goes above and beyond claims directly relating to your home and auto. The main purpose of your umbrella policy is to protect your assets from an unforeseen event, such as a tragic accident in which you are held responsible for damages or bodily injuries. (Trusted Choice, n.d.)

Assumptions:

- $500,000 umbrella insurance policy, $175 annual premium
- Clients own a dog
- Tyler works on a golf course and frequently golfs as a hobby

Analysis:

Your net worth is less than the recommended amount ($1million) for umbrella insurance but you have the required split limit coverage to obtain it. However, you do have some risk factors that indicate it is a good idea.

1. **Your Hobbies**:
    - **Boat**: Owning this specialty vehicle increases the number of ways you could get into an accident.
    - **Golf**: Increasing liability exposure for Tyler
2. **Your Pets**. Pets, especially dogs, can be responsible for both injuries and property damage.

The above referenced items inceases your liability exposure at a reasonable premium ($175 annually).

Recommendation:

Retain existing coverage.

Bedo Family Non Retirement Needs Analysis

EDUCATION PLANNING ANALYSIS (NON-RETIREMENT GOAL)
INVESTMENT PLANNING ANALYSIS

Education Planning Analysis (Non-Retirement Goal)

The costs of a college education are skyrocketing. Similar to early retirement funding, educational funding that begins as early as possible has the benefit of compounding and inflation. Also, educational funding isn't just about college- funds can now be used for trade schools, qualified vocational schools, and private K-12. When the time comes for Becky there are many ways to cover the full cost. For example, there are many scholarships, grants, federal and private loan options, and merit based financial aid provided by the school.

Assumptions:

- Tyler and Mia would like to fund 100% of Becky's college costs, to be accumulated before Becky begins college, and plan to stop at that point
- In-state tuition to public university $20,000 (in today's dollars) per year, including room and board
- Tuition costs are increasing at five percent per year
- Tyler and Mia are willing to invest in a moderately aggressive, tax -advantaged portfolio before and during Becky's college years
- No assets are currenty targeted for college savings needs
- Becky is currently five years old and assumed to begin college at age 18 years old

Analysis:

After reviewing your goals and objectives we know that your primary objective is to retire at age 62. Your secondary objective is to provide 100% of Becky's college education. We also understand that once you are in retirement you'd like to open a gallery as well as build an addition to your home. We have taken each of those goals into consideration in this evaluation.

You currently have no assets targeted for college savings needs. One year of tuition for Becky is $20,000 per year in today's dollars. We have calculated the future value of her education to be $162,548.

Future Value of Education Costs

	Becky
Cost of Year 1	$37,713
Cost of Year 2	$39,599
Cost of Year 3	$41,579
Cost of Year 4	$43,657
Total Cost of College	**$162,548**

Please keep in mind that we see that Becky is actively involved in sports enjoying basketball, soccer, golf, and piano. If she continues in these activities, this may allow her to be considered for scholarships.

Available options:

FAFSA

Once Becky is ready to apply to college, the Free Application for Federal Student Aid (FAFSA) would be submitted for the federal government, states, colleges, and other organizations to award financial aid. This application (which is submitted annually prior to each school year) is how to access grants, scholarships, work-study programs, and federal student loans.

Completing the FAFSA application is (somewhat) easy... preparing to apply for it is key as income and assets and ownership of said assets are weighted differently when determining aid. Cash, real estate (excluding primary residence), financial assets/investments are all reportable assets for the account owner. Non reportable assets include the net worth of your primary residence, Qualified retirement plans such as 401(k) plans, annuities, traditional IRAs, and Roth IRAs. Other non-reportable assets include Life insurance policies, including cash value and whole life insurance policies, and personal possessions including jewelry and collectables.

The parental asset protection allowance for reportable assets is (currently) $9,500 if there is only one parent, $18,900 if there are two. Amounts above the threshold is (currently) assessed at 12% that count towards your Expected Family Contribution (EFC). Assets in the student's name, also reported, are weighted at 20%.

Strategies to minimize the impact prior to submitting the application include using assets to pay off debt, shifting assets from reportable assets to non-reportable assets, and maximizing retirement contributions and minimize retirement plan distributions (during filing years as this would be considered income).

Based on your current assets your EFC would be $22,380 in today's dollars, with inflation (three percent) this would be $38,100.45 in future dollars (18 years). Assuming an annual five percent increase in tuition rates this would require you to be fully responsible for tuition. In addition, assuming no scholarships, this would support your decision to fully fund tuition.

Current Reportable Assets	
Savings account	$10,000
Checking account I	$3,500
Checking account II	$5,000
Money Market account	$10,000
Miscellaneous EE Bonds	$25,000
Haley G&I Fund	$69,000
Konza Fund	$43,000
Ruth Fund	$13,000
Sagebrush Fund	$8,000
Total Current Reportable Assets	**$186,500**
EFC (12%)	**$22,380**

529 plan, Missouri Most

A 529 plan is an investment account for education savings including trade schools, qualified vocational schools, and private K-12, wherein earnings are federally tax-deferred and qualified withdrawals are exempt from federal and state tax. This makes it the most tax efficient method to pay for college.

> When used for higher-education expenses at an eligible postsecondary school, money can be used to pay for tuition, as well as room and board (with limitations). Books, supplies, fees, and equipment that are required for enrollment or attendance are also qualified higher-education expenses. Computers, certain peripheral computer equipment, internet access and related services, and computer software are also qualified higher-education expenses if the items are to be used primarily by the student during enrollment or attendance at any eligible postsecondary school in the United States or abroad. **(Missouri Most, n.d.)**

Missouri's 529 plan is called Missouri Most. You can save up to $325,000 and although the account is a Missouri sponsored plan Becky would not be limited to a school in Missouri. "529 accounts owned by a parent have a relatively minor impact on higher-education financial aid because the assets aren't considered the child's". Should Becky not require some or all of the funds they can be transferred to a qualified family member (perhaps a niece or nephew) or can be withdrawn with a 10% penalty and taxes owed.

You can always control your investment options from the available choices which can be limited. You can also choose to be active or passive. Passive options within a 529 plan are called "age based options". A moderate age based option for a child age zero to five years has more risk/reward with 80% stocks, 20% bonds. This adjusts to less risk/rewards as the child nears college entry age (18/19) with 75% bonds, 25% short-term reserves. An aggressive age based option begins with 100% stocks and moves towards 20% stocks, 80% bonds.

Contributions to Missouri Most are up to $8,000 per year by an individual, and up to $16,000 per year by a married couple filing jointly, are deductible in computing Missouri taxable income. There are no federal tax benefits to the contributions.

Roth IRA

Even though the 529 plan is the most tax advantaged, there are some limitations to consider. If the funds are not used for the intended purpose, the earnings would be subject to taxes and penalties. You may be able to avoid the penalty by claiming an exemption but would still be liable for the taxes. The principal portion would not be subject to tax or penalty.

A way to circumvent this would be to contribute to a Roth IRA which can also be used for educational expenses. “Like the 529, there is no income tax deduction when you contribute to a Roth IRA, so any contributions you make can be withdrawn without paying taxes or penalties, provided you’ve had it for at least five years.” (RothIRA, n.d.) If withdrawn for college expenses, any money earned would be subject to income taxes but not an early withdrawal penalty.

Limitations to a Roth IRA would be contribution limits. In 2018, if you’re under age 50 by the end of the year, the limit is $5,500. In 2019 it is $6,000. A taxpayer is eligible to contribute to a Roth IRA until the taxpayer’s modified AGI reaches $186,000 to $196,000 for married filing jointly. (Cappex, n.d.) There is also no state deduction as there would be for the 529 plan. Lastly, by contributing the annual limits to a Roth IRA for college funding, you would be unable to do so (in this vehicle) for retirement savings. However, since Becky is your only child there is a chance that there could be excess funds should she qualify for a scholarship or if she chooses not to pursue an education beyond high school.

Recommendation:

The future value of funds needed is $162,548. If you invest in an moderately aggressive portiofio we are estimating your expected before-tax total rate of return at 10 % .

Option 1:

Monthly Payments Need with 0 Present Value	
N= Time	156 mo
I= Interest (per mo)	0.8333
FV= Future value	$162,548
PV= Present value	$0
Monthly Payment	**$507**

Tax savings: $329 per year

Cash flow: Decrease of $6,084 per year

We recognize this is a somewhat significant increase in outgoing cash flow so we have some alternative options.

Option 2:

Sell EE bonds, invest in 529. Your EE bonds have a market value of $25,000 with a 3.5 % deferred interest for the last 12 years. The federally taxable interest would be $12,776 leaving a net of $34,582 to invest into the 529 plan.

Monthly Payments Need	
N= Time	156 mo
I= Interest (per mo)	0.8333
FV= Future value	$162,548
PV= Present value	$34,582
Monthly Payment	**$113**

This would also reduce your reportable assets and therefore your EFC (based on today's dollars) by about $3,000:

Current Reportable Assets	
Savings account	$10,000
Checking account I	$3,500
Checking account II	$5,000
Money Market account	$10,000
Haley G&I Fund	$69,000
Konza Fund	$43,000
Ruth Fund	$13,000
Sagebrush Fund	$8,000
Total Current Reportable Assets	**$161,500**
EFC (12%)	**$19,380**

Tax implication: $3,194 tax liabiliy this year

Tax savings: $73 per year

Cash flow: Decrease of $1,356 per year

Check Your Money

Option 3:

Sell EE bonds, transfer funds into 529. Invest monthly in Roth IRA. As stated in option 2, your EE bonds have a market value of $25,000 with a 3.5 % deferred interest for the last 12 years. The federally taxable interest would be $12,776 leaving a net of $34,582 to invest into the 529. Principle and earnings (if used for education expenses) could be withdrawn tax and penalty free. This option would allow you to contribute within the limits into the Roth IRA and can be used either for school expenses or retirement, whichever is utlimately needed at that time. The flaw with this option is that "if the taxpayer uses the money in a Roth IRA to pay for college, it will reduce eligibility for need-based aid in a subsequent year". (Cappex, n.d.) Since you are fully funding without regard to aid, we don't necessarily see this as an issue (as it relates to the savings amount). This would only affect you for three years and only if you end up needing to use the funds.

Remaining Need after EE bond added to 529	
N= Time	156 mo
I= Interest (per mo)	0.8333
PMT= Monthly payment	$0
PV= Present value EE bond	$34,582
FV= Future value	**$126,209**
Remaining Need	**$36,339**

In this option we suggest making the monthly payment into the Roth IRA instead of the 529:

Monthly Payments Needed to complete funding	
N= Time	156 mo
I= Interest (per mo)	0.8333
FV= Future value	$162,548
PV= Present value EE bond	$34,582
Monthly Payment	**$113**

Monthly Payments Effect on Roth IRA	
N= Time	156 mo
I= Interest (per mo)	0.8333
PMT= Monthly payment	$113
PV= Present value	$0
FV= Future value	**$36,228**

Tax implication: $3,194 tax liability this year

Tax savings: $0 per year

Tax Savings over life of earnings/and withdrawal: $ 27,488 ($91,627 earnings)

Cash flow: Decrease of $1,356 per year

We feel that the benefit of the $79 annual tax savings does not outweigh the benefit of directing funds toward a Roth IRA and reducing the risk of having to pay a tax penalty in the future should these be excess funds. Therefore, we recommend option 3 as the best alternative. This can be done in either Tyler or Mia's name or split the payment into one for each. In the event of a divorce, keep in mind that this account (s) is earmarked for Becky's education.

Steps for implementation (option 3):

1.

Who: Tyler or Mia

What: Sell EE bonds (online or at a banking institution)

Next: Visit https://www.missourimost.org/ and open account, transfer $34,582 funds into account. Choose age based investments.

When: Within 60 days

Implications: Tax liability $3,194. Tax Savings over life of earnings/and withdrawal: $ 27,488 ($91,627 earnings)

2.

Who: Tyler or Mia

What: Contact banking insitution and open Roth IRA in either Tyler or Mia's name. Choose moderatly aggressive funds

When: Within 30 days

Next: Contribute $113 per month (can set as auto payment)

Implications: Tax savings $0 per year; Cash flow: Decrease of $1,356 per year

Investments Analysis

Investments can be a great opportunity to earn on your savings above a typical savings account. This does not come without risk, however. Therefore it is important to careful about the investments chosen, especially when you have goals for these funds. This section's analysis is limited to your non-qualified investments. We will provide our analysis and feedback on your retirement investments in the retirement planning section of your plan.

Assumptions:

- Moderate to lower level of financial risk tolerance
- EE bond sold for education funding
- Interest earned from savings, dividends and capital gains to be reinvested
- After-tax rate of returns.

Non-Qualified Analysis:

Your currently have non qualified investments totalling $133,000 (excluding the EE bond we advised to sell) and are earning an after tax return of 5.81% annually. Based on the risk tolerance quiz that you both took, we see that you have a moderate to lower of financial risk tolerance. Looking at your current non-qualified investments, your risk tolerance matches your risk capacity for your portfolio. We target an after tax total rate of return of 5.4% for a moderately conservative investment. You are currently saving $9,000 annually in non-qualified investments.

We also performed an evaluation of your existing holdings. The first was a weighted average. The weighted average of an investment in a portfolio calculates the average growth over a fixed period, against the percentage of the portfolio. Your weighted average is 5.93%.

The second ratio performed was the Sharpe ratio which measures total risk. This is calculated by standardizing the portfolio performance against a risk-free rate and standard deviation. The target Sharpe ratio is a positive number with anything three or higher is considered excellent. The current 10-year treasury bond rate is 2.09 % (Ycharts, 2019) which is considered a risk free investment.

(5.93%-2.09%)/12.23%= .47

Non-qualified Investments						
Fund	Market Value	Standard Deviation	After tax rate of return	% of Portfolio	Annual Return	Weighted Average Return
Haley G&I Fund	$69,000	10%	5.60%	52%	$3,864.00	2.91%
Konza Fund	$43,000	13%	6.44%	32%	$2,769.20	2.08%
Ruth Fund	$13,000	4.90%	4.80%	10%	$624.00	0.47%
Sagebrush Fund	$8,000	21%	7.84%	6%	$627.20	0.47%
Total/Average:	$133,000	12.23%	6.17%		$7,884.40	5.93%

Also: Postdamn Fixed Annuity $125,000, guaranteed yield of five perecent.

Recommendations*

While your portfolio as a whole is performing at a higher rate than our target of 5.4% for your risk tolerance, we do see room for improvement within your funds. We also see that your holdings are not balanced. Therefore, we are recommending re-balancing to achieve higher dollar returns and evenly distributing risk.

Your Ruth Fund is a Government bond with an after tax rate of return of 4.8%. There is another fund available, Ely Fund that has a rate of return of 6.1%. We recommend selling the Ruth Fund with $13,000 and purchasing the Ely Fund. By staying with a Municipal bond there would be no tax implication since the interest income you receive from investing in municipal bonds is free from federal income taxes.

Your Post Fixed Annuity has a guarranted yield of five percent. Our firm is able to obtain a similar option: Bostonian Variable Annuity currently yielding at five percent. We would recommend changing to the Bostonian and also investing in the Ely Fund at 6.10%.

New Sharpe ratio: .50

Non-qualified Investments						
Fund	Market Value	Standard Deviation	After tax rate of return	% of Portfolio	Annual Return	Weighted Average Return
Haley G&I Fund	$33,250	10%	5.60%	25%	$1,862.00	1.40%
Konza Fund	$33,250	13%	6.44%	25%	$2,141.30	1.61%
Ely Fund	$33,250	6.05%	6.10%	25%	$2,028.25	1.53%
Sagebrush Fund	$33,250	21%	7.84%	25%	$2,606.80	1.96%
Total/Average:	$133,000	12.51%	6.50%		$8,638.35	6.50%

Steps for implementation:

Who: Tyler or Mia

What: Provide authorization for us to re-allocate your funds (sell the Ruth Fund with $13,000 and purchase the Ely Fund)

When: Within 5 days

Implications: Increased annual earnings based on current market value: $753.95. Increased after tax return from 6.17% to 6.50%

*Past performance is no guarantee of future results

Bedo Family Retirement Needs Analysis

RETIREMENT GOALS ANALYSIS
PROJECTED INCOME NEEDS

ANNUITY SUITABILITY

- SOCIAL SECURITY BENEFITS ANALYSIS
- CURRENT CONTRIBUTIONS
- QUALIFIED INVESTMENTS
- RETIREMENT REVIEW

Retirement Goals Analysis

Saving for your retirement has many areas to take into consideration. There's a client's risk tolerance, goals, Social Security benefits, desired retirement date, life expectancy, tax implications, and inflation. We have performed an extensive analysis of these factors to determine whether you are on track for your retirement goals.

Assumptions:

- Tyler and Mia would like to retire at age 62 but not to deplete assets
- At retirement, Mia would like to build an addition to their home for art. Today's cost is $20,000
- At retirement, Mia would like to open an art gallery, revenue to be donated. Today's cost is $80,000
- Moderately aggressive portfolio to fund addition and art gallery
- Moderately conservative rate of return for remaining funds until retirement
- Conservative rate of return once retired
- Current rate of return 4.37 percent
- Eighty-five percent income replacement desired. Current earned before tax income
- Social Security at earliest opportunity, 62
- Would like to leave legacy, minimize depletion of assets
- Universal inflation rate 3 percent
- Income and contribution to increase with inflation
- Life expectancy for Tyler and Mia is age 95
- Twenty-five percent combined state and federal marginal tax bracket during retirement
- Primary insurance amount at age 67 for Tyler is $2,200 and Mia is $1,300 in today's dollars.

Analysis

Retirement goals/Addition & Gallery:

After reviewing your goals and objectives we know that your primary objective is to retire at age 62. At that time Mia would also like to build an addition and buy an art gallery. Today's cost for those goals is $100,000 and the future value is $180,611.

You currently have $5,000 in a checking account not earning any interest, you are contributing $150 a month to this account, and expect to increase this by three percent annually. Your other checking, savings, and money market accounts are earmarked for cash reserves. You would like these funds to earn a moderately aggressive rate of return.

Left status quo, the future value of these funds and contributions would only be $53,367.

Our firm has an after tax expected rate of return for a moderately aggressive portfolio risk objective of seven percent. However, even after applying this change would only provide $113,054 in funds.

Recommendation:

The funds in your Sagebrush fund is currently providing a 7.84% after tax return. This is somewhat in line with a moderately aggressive portfolio risk objective. After implementing the change from the non retirement analysis, adding in your savings of $5,000, continuing to contribute $150 per month, your total saved at the end of twenty years will be approximately $179,817. Therefore your goal will be met.

TARGET: $180,611				
Monthly Payment	Current Savings	Current Sagebrush Fund	After tax rate of Return	Future Value
$150	$5,000	$33,250	7.84%	**$179,817**

This option will not affect your current cash flow and will be close to your risk tolerance for these goals.

Steps for implementation:

1.

Who: Provide authorization for us to handle

What: Close Checking #2, move funds into Sagebrush Fund.

Next: Set up automatic transfers into fund. If possible, set up automatic annual three percent increase

When: Within 10 days

Implications: Cash flow remains unchanged, increased after tax rate of return, funding goal met after 20 years.

Retirement needs:

You have expressed a desire to have an 85% wage replacement which would equate to $114,916.50 per year with a retirement life expectancy of 33 years. There are a few items to take into consideration as we know that you don't want to deplete funds.

1. Annuity Suitability

Mia currently has a fixed annuity with a market value of $125,000. Annuities "offer a guaranteed rate of return for a set period of time". **(Fidelity, n.d.)** There are two years left on

the current contract of ten years and has a declining withdrawal penalty. It has a guaranteed yield of five percent and Mia is contributing $250 per month. For now, we suggest leaving this as is as there would be a $3,750 withdrawal penalty (eight-year mark). Withdrawing it prior to 59 ½ years old would also cause an IRS tax penalty of 10%. However, upon end of contract we would suggest a Section 1035 exchange of these funds into something such as our Bostonian Variable Annuity which also currently yields five percent. A Section 1035 exchange would allow a transfer from one annuity to another income tax free.
Assuming a continued five percent growth (three and a half after-tax) with contributions continued to retirement. your future value is **$236,324**

Recommendation:

No change at this time.

Social Security Benefits Analysis

“The "primary insurance amount" (PIA) is the benefit (before rounding down to next lower whole dollar) a person would receive if he/she elects to begin receiving retirement benefits at his/her normal retirement age. At this age, the benefit is neither reduced for early retirement nor increased for delayed retirement.” (Social Security Administration, n.d.)

Mia and Tyler’s primary insurance amounts in today’s dollars are $1,300 and $2,200 respectively. However this would be retiring at sixty-seven which is not your desire. Should you retire at 62 and one month Mia would receive approxiately $900, Tyler $1520. “This means that if you claim Social Security at 62 when your full retirement age is 67, you'll wind up losing 30% of your benefits, and that reduction will remain in effect for the rest of your life.” (The Motley Fool, 2016)

Mia			Tyler		
	At age 62 and 1 month	At age 67		At age 62 and 1 month	At age 67
Present Value	$900	$1,300	Present Value	$1,520	$2,200
Future Value	$1,625	$2,347	Future Value	$2,745	$3,973

As you can see, there is a great difference between your desired retirement age of 62 versus waiting an additional five years. Also, keep in mind that if you do retire at 62 you will have to pay health benefits out of your retirement income. This will significantly reduce the legacy you’d like to leave.

Recommendation

In order to avoid reducing your retirement funds by having to pay for health benefits we recommend retiring at 65 so that can obtain Medicare. At age 65 you will get 93.3 percent of the monthly benefit.

Option 1:

Receive Social Security benefit at age 62. Approximate present value of benefits $2,420.

Implications:

- Increased negative cash flow from ages 62 through 65 for health insurance.
- Higher probability of depletion of retirement savings

Option 2:

Receive Social Security benefit at age 65. Approximate present value of benefits $3,266. (Mia $1213, Tyler $2053)

Implications:

- Timed with eligibility for Medicare there would be no need for 62 through 65 out of pocket insurance coverage.
- By waiting three years, you'll benefit by an increase of approximately $846 monthly for life expectancy (thirty years)
- Lower probability of depletion of retirement savings

We recommend option 2 so as to not affect your current cash flow and be close to your risk tolerance.

Steps for implementation:

None at this time.

2. Current Defined Contribution Plan Analysis

You are both taking full advantage of your employer's 401(k) match benefit. Both employer's match an effective 100% on the first three percent. We recommend no change in your contribution since they are all tax free. Allocation analysis forthcoming.

Current Retirement Plan Contributions				
Tyler's Investment Choices	Contribution Amounts	Notes	Employer Contributions	Total Annual contributions (based on current salary)
Consumer Fund	3% of base salary		0	$ 2,054.00
Graham Fund	3% of base salary	401k plan deductions not taken/or matched from bonus payments , 100% match on first 3%	3%	$ 4,108.00
			TOTAL:	$ 6,162.00
Mia's Investment Choices				
Rocket Fund	10% of base salary	50% employer match on the first 6%	3%	$ 4,224
			TOTAL:	$ 4,224
			Combined Annual Contributions	$ 10,386

3. Qualified Investments Analysis

Your qualified investments (including Mia's fixed annuity) have an average after tax rate of return of 4.57 percent. You have indicated a moderately conservative risk tolerance until retirement, a conservative thereafter. Our firm has established expected rate-of-return and portfolio risk objectives and have concluded that an after tax total rate of return of 5.4 percent is appropriate for that tolerance level.

We also performed an evaluation of your existing qualified holdings. The first was a weighted average. The weighted average of an investment in a portfolio calculates the average growth over a fixed period, against the percentage of the portfolio. Your weighted average is 3.76 percent.

The second ratio performed was the Sharpe ratio which measures total risk. This is calculated by standardizing portfolio performance against a risk-free rate and standard deviation. The target Sharpe ratio is a positive number with anything 3 or higher is considered excellent. The current 10 year treasury bond rate is 2.09% (https://ycharts.com/indicators/10_year_treasury_rate) which is considered a risk free investment.

(3.76%-2.09%)/12.48%=.2949

Current Qualified Investments Analysis						
Fund	Market Value	Standard Deviation	After tax rate of return	% of Portfolio	Annual Return	Weighted Average Return
Tyler's 401 (k)						
Consumer Fund	$69,000	11%	6.13%	14%	$4,226.25	0.88%
Graham Fund	$134,000	12.00%	2.87%	28%	$3,845.80	0.80%
Tyler's traditional IRA cd	$52,000		2.45%	11%	$1,274.00	0.27%
Mia's 401 (k)						
Rocket Fund	$15,250	22.00%	9.80%	3%	$1,494.50	0.31%
Mia's Rollover IRA						
Ruth Fund (govt bond)	$32,500	5%	4.80%	7%	$1,560.00	0.33%
Mia's traditional IRA cd	$52,000		2.45%	11%	$1,274.00	0.27%
Postdam Fixed Annuity	$125,000		3.50%	26%	$4,375.00	0.91%
Total/Average:	$479,750	12.48%	4.57%		$ 18,049.55	3.76%

Recommendations:

1. Tyler's 401 (k)

Tyler's contribution to the Consumer Fund is in line with his tolerance. We recommend leaving this as is. However, a majority of Tyler's 401 (k) is invested in, and where employer contributions are directed to, the Graham Fund. This has a low after tax rate of return at 2.87 percent. We recommend reallocating this to the Ely Fund which is a tax free government bond with a rate of return of 6.10 percent.

Implications:

- Tax free returns in line with risk tolerance
- Higher return for employer contributions
- Increased annual earnings from $2692 (after $1,154 tax) to $8,174.
- **$5,482 increased earnings.**

Steps for implementation:

Provide authorization for us to reallocate funds.

3. Mia's 401 (k)

Mia's contribution to the Rocket Fund is higher than her risk tolerance with a high standard deviation (22%). While it currently has an after tax rate of return of 9.80 %, we recommend leaving reallocating this to the Consumer Fund (another small cap) which has an after tax return of 6.13 % and an 11 % standard deviation.

Implications:

- Rate of return in line with risk tolerance
- Lower standard deviation
- Decreased annual earnings from $1,047 (after $448 tax) to $935.
- **$112 decreased earnings.**

Steps for implementation:

- Provide authorization for us to reallocate funds.

4. Mia's Rollover IRA

Mia's rollover IRA is invested the Ruth Fund, a government bond with a rate of return of 4.80 percent. We recommend reallocating to the Ely Fund, another government bond with a slightly higher rate of return (6.10 percent).

Implications:

- Rate of return slightly above risk tolerance
- Increased annual earnings from $1,560 to $1,983.
- **$433 increased earnings.**

Steps for implementation:

Provide authorization for us to reallocate funds.

5. IRA CDs

Both IRA cd's, earning 3.5 percent before tax, are due to expire soon. Assuming you'd like to maintain these in a low risk vehicle, we'd suggest reallocating these to a Treasury zero-coupon bond strip. "If issued by a government entity, the interest generated by a zero-coupon bond is often exempt from federal income tax, and often from state and local income taxes too." (Investopedia, 2018)

Implications:

- $104,000 moved from 2.45 percent after tax to 6 percent tax free index.
- Increased Annual earnings from $2,548 (after $1,092 tax) to $6,240.
- **$3,692 increased earnings.**

The result of the above change will be a portfolion in line with your risk tolerance. Your weighted average increasing from 3.67% to 5.41%. The Sharpe ratio changes from .2949 to .674.

The second ratio performed was the Sharpe ratio which measures total risk. This is calculated by standardizing portfolio performance against a risk-free rate and standard deviation. The target Sharpe ratio is a positive number with anything three or higher is considered excellent. The current 10 year treasury bond rate is 2.09% (https://ycharts.com/indicators/10_year_treasury_rate) which is considered a risk free investment.

(5.41%-2.09%)/7.85%=.67477

Proposed Qualified Investments Analysis						
Fund	Market Value	Standard Deviation	After tax rate of return	% of Portfolio	Annual Return	Weighted Average Return
Tyler's 401 (k)						
Consumer Fund	$69,000	11%	6.13%	14%	$4,226.25	0.88%
Ely Fund	$134,000	6.05%	6.10%	28%	$8,174.00	1.70%
Tyler's Treasury zero-coupon bond "strips"	$52,000	6.50%	6.00%	11%	$3,120.00	0.65%
Mia's 401 (k)						
Consumer Fund	$15,250	11.00%	6.13%	3%	$934.06	0.19%
Mia's Rollover IRA						
Ely Fund	$32,500	6.05%	6.10%	7%	$1,982.50	0.41%
Mia's Treasury zero-coupon bond "strips"	$52,000	6.50%	6.00%	11%	$3,120.00	0.65%
Postdam Fixed Annuity	$125,000		3.50%	26%	$4,375.00	0.91%
Roth IRA earmarked for college	$0		10.00%			
Total/Average:	$479,750	7.85%	5.71%		$ 25,931.81	5.41%

Retirement Review/Projected Income Needs (see appendix for all calculations performed)

We understand your retirement needs are $115,000 in today's dollars and that your risk strategy is moderately conservative and have done all of the investment calculations accordingly. We also know that you'd like to not deplete your funds. However, after performing the analysis of your current contribution rate (see Appendix A) whether it be retiring at 62 or 65 (see Appendix B and C), considering inflation of the need, and inflation of the social security benefit (see Appendix D), we do not see the needs being met (see Appendix E-G). We even performed a calculation based on Tyler increasing his contribution to the Consumer Fund to ten percent. Fund depletions range between ages seventy-five and eighty-three.

As such, we strongly advise reconsidering your risk tolerance. With twenty years until your retirement we feel that increasing your tolerance to either moderately aggressive (seven percent after tax rate of return) or even aggressive (8.5 percent after tax rate of return) through to retirement as opposed to 5.4 percent moderately aggressive rate. This coupled with an increase in contribution for Tyler is the only way we can see enough funds for retirement.

Another option for additional funds is to reconsider the donation of the future planned art gallery profits. We know donating the profits is your desire at this time, however based on the income needs, it may not be feasible.

Lastly, while there will be accumulation in the Roth IRA utilizing the recommendation for college funding- it is anticipated that these funds will be used for their intended purpose therefore being depleted at the time of retirement. As a result, these figures are not included in your retirement assets.

Retirement at 62 with current investments

Present Value Income Need	Present Value SS Benefits	Present Value Need	Present Value Existing Assets	Future Value existing assets	Future Value Annual Need
$ 115,000.00	$ 3,500.00	$ 111,500.00	$ 479,750.00	$ 1,305,424.00	$ 220,055.00

Retirement at 65 with proposed investments

Present Value Income Need	Present Value SS Benefits	Present Value Need	Present Value Existing (proposed) Assets	Future Value existing assets	Future Value Annual Need
$ 115,000.00	$ 3,500.00	$ 111,500.00	$ 479,750.00	$ 2,064,750.00	$ 220,055.00

Bedo Family Estate Planning Analysis

CURRENT STATE OF ESTATE DOCUMENTS ANALYSIS
GROSS ESTATE ANALYSIS
TRANSFER OF WEALTH PROJECTIONS

Estate Planning Analysis

Careful Estate Planning involves "planning for cost-effective transfer of assets in a way that is consistent with the client's wishes through the preservation [of] the estate, providing for survivors or other financial or charitable needs, and planning for the client's final wishes regarding incapacitation and other end-of-life decisions." **(LYTTON, GRABLE, & KLOCK, 2013)** As a married couple state law would apply for some aspects but it is important to plan for the unexpected to ensure proper transfer of assets, guardianship, and to minimize taxation.

Assumptions:

- Current will is three years old
- Guardianship plan in place: Mia's oldest sister Barbara (single)
- Will lists respective spouse as sole beneficiary of estate
- Do not want to pay unnecessary estate taxes
- Would like seamless transfer of wealth and to maintain privacy of financial affairs upon death
- Appreciation rate on gross estate, debt, loans, and other financial position items is four percent
- Funeral and administration expenses are assumed to be $9,000 for each person growing four percent annually.
- Executor fees anticipated to be approximately $13,500 each
- Ignoring applicable state estate taxes [per page 632 of text]

Analysis

Will and associated documents

Your current **will**, created three years ago, reflects Mia's oldest sister Barbara as Becky's guardian in the event of your passing. We have a few concerns regarding the creation of that will. As we understand from our initial discussion, this was created from a kit purchased at an office supply store just prior to a vacation. There is no issue with where documents are obtained, however, it is unclear whether this will was executed properly. For this will to be considered valid each page must be signed. In addition, two competent witnesses must sign.

Should there be no valid will in effect and you die, your assets will pass intestate which means it will be transferred according to state law. Current Missouri law is as follows for your situation (spouse and child from that spouse):

- spouse inherits first $20,000 of your intestate property, plus 1/2 of the balance
- descendants inherit everything else **(NOLO, N.D.)**

As such, assuming for now the will is not valid, your beneficiary designations need to be addressed. Considering Becky's current age, and Missouri state law a will needs to be put in place for the other spouse to receive the assets as desired. However, in the event that you should pass together, we suggest that you name a contingency beneficiary in line with your named guardian in order to care for Mia.

In regards to Becky's **guardianship** appointment, if you still believe Barbara is the best choice for this role we suggest you add a second and possibly third preferred choice. Chaos and animosity could ensue within Mia's large family (seven brothers and sisters) in the event of both your passing should Barbara not want to take on this role. One way to ensure a seamless and uncomplicated transition for Becky, as is your wish, would be to have several contingency plans in place. Please be sure to discuss your plan with the named parties.

Lastly, there is no mention of an **executor** for your will or **power or attorney** (for legal matters or health care decisions). We'll assume you'd like the surviving spouse named. However, considering your want for privacy, please provide one to two back up for this purpose. This will also be an area where the individuals you name should be consulted/advised as these are not roles everyone would feel comfortable performing.

If a **letter of instruction** includes final wishes that would not be included in a will. If this was not created and you have specific burial or funeral requests, please consider as well. For example, you may wish to be cremated but if you haven't expressed this to your immediate family or to each other your wish will not be carried out.

A **living trust** (trust created during a client's life), minimizes "probate involvement and publicity surrounding public documentation of a family's financial situation at a client's death. Other advantages include continuation of income and distribution to heirs from assets held in the trust after the death of the client, the ability of a trustee to manage assets, and the likely appropriate distribution of assets to heirs at the client's death." **(Lytton, Grable, & Klock, 2013)** Since you would like privacy and seamless transfer of wealth we feel a living trust should be created. In order to avoid probate, all titled assets will need to be titled in the name of the trust.

Since you have collectibles and antique items, and assuming these will be left to either surviving spouse or Becky (based on previously discussed desires to leave a legacy for Becky) applicable items should be also be placed in the trust. You may want to consider adding an additional beneficiary (family member and/or charity) for these items in the event Becky succeeds you.

Recommendation:

1. **Discuss and decide on two contingent guardians for Becky**
2. **Discuss and decide on two contingent beneficiaries of assets**
3. **Discuss and decide on two contigent executors and individuals for powers of attorney for both Mia and Tyler**

4. **Discuss and decide on additional beneficiary beyond Tyler, Mia, and Becky for assets**
5. **Consider specific burial or funeral requests for individual letters of instruction**
6. **Approve creation of living trust**

Implications:

- Privacy of financial matter upon death
- Becky is cared for with minimal family chaos
- Funerial and burial requests are adhered to
- Proper beneficiary designations will avoid dying intestate and having to follow state law instead of personal wishes

Steps for implementation:

Once the recommended steps are decided meet with your lawyer to implement.

Gross Estate

We have performed an analysis calculating both the estate tax due should Tyler predecease Mia and should Mia predecease Tyler, both events this year. As your estates are currently below the federal estate tax threshold of $4,425,800, you would have no liability.
(See Appendix for full figures utilized)

ESTATE TAX PLANNING ANALYSIS		Tyler
GROSS ESTATE	$ 700,117	
Deductions from Gross Estate		
ADJUSTED GROSS ESTATE	$ 604,503	
Taxable Estate (Exclude Marital Deduction)		
TAXABLE ESTATE BEFORE MARITAL DEDUCTION	$ 601,603	
Tax Assuming No Marital Deduction		
TAX DUE WITHOUT MARITAL DEDUCTION	$ (4,232,407)	
Spouse's/Co-Client's Gross Estate After Marital Deduction Transfer		Mia
GROSS ESTATE	$ 1,332,987	
Deductions from Gross Estate		
ADJUSTED GROSS ESTATE	$ 1,237,373	
Taxable Estate (Exclude Marital Deduction)		
TAXABLE ESTATE	$ 1,234,473	
Tax Calculation		
TAX DUE	$ (3,986,211)	

TAX ON ESTATE CALCULATION						
Spouse	*Tax Lower Threshold*	*Tax on Base*	*Excess*	*Tax Rate*	*Additional Tax*	*Total Tax*
First Deceased Tyler	$ 500,001.00	$ 155,800.00	$ 101,602.00	37%	$ 37,592.74	$ 193,392.74
Second Deceased Mia	$ 1,000,001.00	$ 345,800.00	$ 234,472.00	40%	$ 93,788.80	$ 439,588.80

ESTATE TAX PLANNING ANALYSIS		Mia
GROSS ESTATE	$ 731,384	
ADJUSTED GROSS ESTATE	$ 635,770	
Taxable Estate (Exclude Marital Deduction)		
TAXABLE ESTATE BEFORE MARITAL DEDUCTION	$ 632,870	
Tax Assuming No Marital Deduction		
TAX DUE WITHOUT MARITAL DEDUCTION	$ (4,220,838)	
Spouse's/Co-Client's Gross Estate After Marital Deduction Transfer		Tyler
GROSS ESTATE	$ 1,332,987	
Deductions from Gross Estate		
ADJUSTED GROSS ESTATE	$ 1,237,373	
Taxable Estate (Exclude Marital Deduction)		
TAXABLE ESTATE	$ 1,234,473	
Tax Calculation		
TAX DUE	$ (3,986,211)	

TAX ON ESTATE CALCULATION						
Spouse	*Tax Lower Threshold*	*Tax on Base*	*Excess*	*Tax Rate*	*Additional Tax*	*Total Tax*
First Deceased	$ 500,001.00	$ 155,800.00	$ 132,869.00	37%	$ 49,161.53	$ 204,961.53
Second Deceased	$ 1,000,001.00	$ 345,800.00	$ 234,472.00	40%	$ 93,788.80	$ 439,588.80

We have also calculated the tax based on your expected gross estate in 2042:
(See Appendix for full figures utilized)

ESTATE TAX PLANNING ANALYSIS Year 2042, current contribution		Tyler
GROSS ESTATE	$ 2,289,597	
Deductions from Gross Estate		
ADJUSTED GROSS ESTATE	$ 2,053,936	
Taxable Estate (Exclude Marital Deduction)		
TAXABLE ESTATE BEFORE MARITAL DEDUCTION	$ 2,051,036	
Tax Assuming No Marital Deduction		
TAX DUE WITHOUT MARITAL DEDUCTION	$ (3,659,586)	
Spouse's/Co-Client's Gross Estate After Marital Deduction Transfer		Mia
GROSS ESTATE	$ 3,849,097	
Deductions from Gross Estate		
ADJUSTED GROSS ESTATE	$ 3,613,436	
Taxable Estate (Exclude Marital Deduction)		
TAXABLE ESTATE	$ 3,610,536	
Tax Calculation		
TAX DUE	$ (3,035,786)	

TAX ON ESTATE CALCULATION						
Spouse	*Tax Lower Threshold*	*Tax on Base*	*Excess*	*Tax Rate*	*Additional Tax*	*Total Tax*
First Deceased Tyler	$ 1,000,001.00	$ 345,800.00	$ 1,051,034.92	40%	$ 420,413.97	$ 766,213.97
Second Deceased Mia	$ 1,000,001.00	$ 345,800.00	$ 2,610,534.53	40%	$ 1,044,213.81	$ 1,390,013.81

ESTATE TAX PLANNING ANALYSIS Year 2042, current contribution		Mia
GROSS ESTATE	$ 1,798,061	
Deductions from Gross Estate		
ADJUSTED GROSS ESTATE	$ 1,562,400	
Taxable Estate (Exclude Marital Deduction)		
TAXABLE ESTATE BEFORE MARITAL DEDUCTION	$ 1,559,500	
Tax Assuming No Marital Deduction		
TAX DUE WITHOUT MARITAL DEDUCTION	$ (3,856,201)	
Spouse's/Co-Client's Gross Estate After Marital Deduction Transfer		Tyler
GROSS ESTATE	$ 3,849,097	
Deductions from Gross Estate		
ADJUSTED GROSS ESTATE	$ 3,613,436	
Taxable Estate (Exclude Marital Deduction)		
TAXABLE ESTATE	$ 3,610,536	
Tax Calculation		
TAX DUE	$ (3,035,786)	

TAX ON ESTATE CALCULATION						
Spouse	*Tax Lower Threshold*	*Tax on Base*	*Excess*	*Tax Rate*	*Additional Tax*	*Total Tax*
First Deceased Mia	$ 1,000,001.00	$ 345,800.00	$ 559,498.60	40%	$ 223,799.44	$ 569,599.44
Second Deceased Tyler	$ 1,000,001.00	$ 345,800.00	$ 2,610,534.53	40%	$ 1,044,213.81	$ 1,390,013.81

Recommendation:

Given your current gross estate and that of your expected gross estate in 2042, since you would not be subject to federal estate tax, we have no recommendations at this time. Should your situation change (sudden windfall with a bequeath from Tyler's parents, perhaps), we will need to revisit this.

BEDO FINAL IMPLEMENATION PLAN

COMPILATION OF ALL RECOMMENDATIONS
FINAL CASH FLOW
FINAL NET WORTH STATEMENT
ADJUSTED PRO FORMA TAX

Compilation of all recommendations

Recommendation	Current Annual Spend	Proposed Annual Spend	Change on Annual Cash flow	Change in net worth	Priority
Reduce discretionary expenses	$2,760	$1,200	$1,560	$0	Medium
Pay off credit card debt	$5,100	$0	$5,100	$5,100	Medium
Refinance mortgage	$13,056	$9,672	$3,384	-$3,900	High
6 month emergency reserve	$1,800	$0	$1,800	$0	High
Change Federal tax withholding	$22,178	$14,978	$7,200	$0	High
Obtain Term life insurance, cancel whole	$2,064	$2,184	-$120	$0	Medium
Opt into FSA for health expenses (tax benefit)	$1,080	$580	$500	$0	Medium
Obtain private long term disability insurance for Tyler	$0	$2,208	-$2,208	$0	High
Change automobile insurance policy	$2,000	$990	$1,010	$0	High
Obtain AAA coverage	$0	$68	-$68	$0	Low
Change homeowners insurance policy	$700	$2,583	-$1,883	$0	High
Sell EE bonds, transfer funds into 529	$0	$0	$0	$0	Medium
Contribute to Roth IRA for education funding	$0	$1,356	-$1,356	$0	High
Reallocation of investment funds (increased annual earnings)			$754	$754	Medium
Close checking #2, transfer to Sagebrush (increased annual earnings)					High
Reallocation of Tyler's 401 (k) investment funds from Graham Fund to Ely Fund (increased annual earnings)			$5,482	$5,482	High
Reallocation of Mia's 401 (k) investment funds from Rocket Fund to Consuder Fund (decreased annual earnings)			-$112	-$112	Medium
Reallocation of Mia's rollover IRA investment funds from Ruth Fund to Eli Fund (increased annual earnings)			$433	$433	Medium
Reallocation of IRA CDs Treasury zero-coupon bond strip (increased annual earnings)			$3,962	$3,692	High
Exeucute Estate Planning documents	0	0	$0	$0	High

Final Cash Flow

PART 1: EARNED INCOME	Current Monthly	Current Annual	Proposed Monthly	Proposed Annual
Tyler's Gross Salary ($2,633.33 biweekly)	$5,705.55	$68,466.58	$5,705.55	$68,466.58
Tyler's Gross Bonus ($17,116.66 semi annually)	$2,852.78	$34,233.32	$2,852.78	$34,233.32
Tyler's imputed income (S79 plan employee benefit income)	$1.85	$22.16	$1.85	$22.16
Mia's Gross Salary	$2,708.00	$32,496.00	$2,708.00	$32,496.00
Mia imputed income (S79 plan employee benefit income)	$8.00	$95.98	$8.00	$95.98
TOTAL EARNED INCOME	*$11,276.17*	*$135,314.04*	*$11,276.17*	*$135,314.04*
PART 2: UNEARNED INCOME	**Monthly**	**Annual**	**Monthly**	**Annual**
Savings account, $10,000, 3% yield	$25.35	$304.16	$25.35	$304.16
Money market account, $10,000, 3% yield	$25.35	$304.16	$25.35	$304.16
Money market account, $17,100, 3% yield (whole life cash value transfer)			$42.75	$513.00
Haley G&I Fund, (starting $69,000, ending $33,250) 3.2% yield	$186.72	$2,240.67	$88.67	$1,064.00
Konza Fund, (starting $43,000, ending $33,250) 1.75% yield	$63.21	$758.57	$48.49	$581.88
Ruth Fund, (starting $13,000, ending $0) 4% yield	$44.14	$529.64	$0.00	$0.00
Sagebrush Fund, (starting $8,000, ending $38,250) .50% yield	$3.34	$40.09	$15.94	$191.25
Ely Fund, (Starting $0, ending $13,000) 6% yield			$66.08	$793.00
TOTAL UNEARNED INCOME	*$348.11*	*$4,177.29*	*$246.54*	*$2,958.45*
PART 3: DEDICATED EXPENSES	**Monthly**	**Annual**	**Monthly**	**Annual**
Salary Reduction- Tyler				
Federal income tax withholding	$1,555.67	$18,668.00	$1,051.67	$12,620.00
State and local income tax withholding	$405.17	$4,862.00	$405.17	$4,862.00
FICA Contributions	$650.00	$7,800.00	$650.00	$7,800.00
Retirement Plan Contributions- Consumer Fund (3% of base salary)	$171.17	$2,054.00	$171.17	$2,054.00
Retirement Plan Contributions- Graham Fund (3% of base salary)	$171.17	$2,054.00	$171.17	$2,054.00
Salary Reduction- Mia				
Federal income tax withholding	$292.50	$3,510.00	$182.28	$2,187.34
State and local income tax withholding	$117.00	$1,404.00	$111.31	$1,335.74
FICA Contributions	$207.17	$2,486.04	$197.05	$2,364.57
Section 125 Plan Health Care Premiums (pretax)	$300.00	$3,600.00	$300.00	$3,600.00
Section 125 Plan Health Savings account (pretax)			$131.67	$1,580.00
Retirement Plan Contributions- Consumer Fund (10% of base salary)	$270.80	$3,249.60	$270.80	$3,249.60
Roth IRA			$113.00	$1,356.00
Insurance Premiums				
Auto insurance premiums	$166.67	$2,000.00	$82.50	$990.00
AAA	$0.00	$0.00	$5.67	$68.00
Homeowner's insurance ($700 annually)	$58.33	$700.00	$215.25	$2,583.00
Life insurance premiums	$172.00	$2,064.00	$182.00	$2,184.00
Umbrella insurance premium ($175 annually)	$14.58	$175.00	$14.58	$175.00
Disability insurance premium	$25.00	$300.00	$209.00	$2,508.00
Other misc. insurance premiums	$25.00	$300.00	$25.00	$300.00
Debt Services				
Mortgage	$1,088.00	$13,056.00	$806.00	$9,672.00
Auto loan payments	$451.00	$5,412.00	$451.00	$5,412.00
Charge account and credit card payments	$425.00	$5,100.00	$0.00	$0.00
Real Estate Taxes ($1675 annually)	$139.58	$1,675.00	$139.58	$1,674.96
Savings/Investments				
Individual conserative fixed-annuity contract (Mia's retirement)	$250.00	$3,000.00	$250.00	$3,000.00
Money market account (purpose: cash reserve) 3% yield	$150.00	$1,800.00	$150.00	$1,800.00
Long-Term Goals (Savings for art & art gallery)	$150.00	$1,800.00	$150.00	$1,800.00
Reinvested earnings Savings/Investments				
Savings account, $10,000, 3% yield	$25.35	$304.16	$25.35	$304.16
Money market account, $10,000, 3% yield	$25.35	$304.16	$25.35	$304.16
Money market account, $17,100, 3% yield (whole life cash value transfer)			$42.75	$513.00
Haley G&I Fund, (starting $69,000, ending $33,250) 3.2% yield	$186.72	$2,240.67	$88.67	$1,064.00
Konza Fund, (starting $43,000, ending $33,250) 1.75% yield	$63.21	$758.57	$48.49	$581.88
Ruth Fund, (starting $13,000, ending $0) 4% yield	$44.14	$529.64	$0.00	$0.00
Sagebrush Fund, (starting $8,000, ending $38,250) .50% yield	$3.34	$40.09	$15.94	$191.25
Ely Fund, (Starting $0, ending $13,000) 6% yield			$66.08	$793.00
TOTAL DEDICATED EXPENSES	*$7,603.91*	*$91,246.92*	*$6,682.38*	*$80,188.65*

Tyler & Mia Bedo - Annual Cash Flow Statement, cont'd

PART 4: DISCRETIONARY EXPENSES	Monthly	Annual	Monthly	Annual
Communication				
Telephone (land line and cell)	$125.00	$1,500.00	$125.00	$1,500.00
Subscriptions (e.g., Time, Money)	$80.00	$960.00	$80.00	$960.00
Household & Personal Care				
Clothing ($700 quarterly)	$233.33	$2,800.00	$130.00	$1,560.00
Hair/dry cleaning	$100.00	$1,200.00	$100.00	$1,200.00
Pet care	$35.00	$420.00	$35.00	$420.00
Housekeeping	$80.00	$960.00	$80.00	$960.00
Banking & Investment				
Bank charges	$10.00	$120.00	$10.00	$120.00
Tax preparation fees ($400 annually)	$33.33	$400.00	$33.33	$399.96
Entertainment				
Movies, plays, shows etc	$225.00	$2,700.00	$112.50	$1,350.00
Satellite TV	$50.00	$600.00	$50.00	$600.00
Recreation (e.g., boating, hiking)	$225.00	$2,700.00	$112.50	$1,350.00
Dues (e.g, organizations, golf course, health clubs)	$150.00	$1,800.00	$150.00	$1,800.00
Housing & Utilities				
Home improvements	$150.00	$1,800.00	$150.00	$1,800.00
Yard service, trash ($100 quarterly)	$33.33	$400.00	$33.33	$399.96
Utilities (e.g., electric, fuel, water, sewer)	$350.00	$4,200.00	$350.00	$4,200.00
Food				
Groceries	$425.00	$5,100.00	$425.00	$5,100.00
Away from home	$275.00	$3,300.00	$275.00	$3,300.00
Medical				
Medical costs (copay)	$20.00	$240.00		$0.00
Prescriptions	$20.00	$240.00		$0.00
Dental and eye care expenses	$50.00	$600.00		$0.00
Transportation & Gas				
Auto maintenance (e.g., oil, fuel)	$125.00	$1,500.00	$125.00	$1,500.00
MO vehicle plate/tag tax ($450 annually)	$37.50	$450.00	$37.50	$450.00
Miscellaneous				
Holiday giving ($1,8000 annually)	$150.00	$1,800.00	$75.00	$900.00
Travel (e.g., trips to Branson $3,000 annually)	$250.00	$3,000.00	$250.00	$3,000.00
Contributions/Gifts to Charities:				
University alumni fund ($1,000 annually)	$83.33	$1,000.00	$83.33	$999.96
Church	$350.00	$4,200.00	$350.00	$4,200.00
United Way	$50.00	$600.00	$50.00	$600.00
Savings/Investments				
Sagebrush Fund (no designated purpose)	$250.00	$3,000.00	$250.00	$3,000.00
Haley G & I Fund (no designated purpose)	$250.00	$3,000.00	$250.00	$3,000.00
Ruth Fund (no designated purpose)	$250.00	$3,000.00	$0.00	$0.00
Ely Fund			$250.00	$3,000.00
TOTAL DISCRETIONARY EXPENSES	***$4,465.83***	***$53,590.00***	***$3,722.49***	***$44,669.88***
PART 5: RESULTS	**Monthly**	**Annual**	**Monthly**	**Annual**
TOTAL EARNED INCOME	***$11,276.17***	***$135,314.04***	***$11,276.17***	***$135,314.04***
TOTAL UNEARNED INCOME	***$348.11***	***$4,177.29***	***$246.54***	***$2,958.45***
TOTAL DEDICATED EXPENSES	***$7,603.91***	***$91,246.92***	***$6,682.38***	***$80,188.65***
TOTAL DISCRETIONARY EXPENSES	***$4,465.83***	***$53,590.00***	***$3,722.49***	***$44,669.88***
TOTAL DISCRETIONARY CASH FLOW	***($445.47)***	***($5,345.59)***	***$1,117.83***	***$13,413.96***

Final Net Worth

Tyler & Mia Bedo - Current and Proposed Net Worth Statement						
Assets	Current Liquid	Current Illiquid	Current Yield	Proposed Liquid	Proposed Illiquid	Proposed Yield
Joint Monetary Assets						
Checking account (cash reserve)	$3,500		0%	$3,500		0%
Savings account (cash reserve)	$10,000		3%	$10,000		3%
Money market account (cash reserve)	$10,000		3%	$10,000		3%
Money market account (Art Gallery Reserve)	$0		0%	$5,000		3%
Checking account II (savings: art gallery/collection)	$5,000		0%	$0		
Investment Assets						
Miscellaneous EE bonds	$25,000		3.5% (deferred)	$0		
Haley G&I Fund	$69,000		3.20%	$33,250		3.20%
Konza Fund	$43,000		1.75%	$33,250		1.75%
Ruth Fund	$13,000		4.00%	$0		
Sagebrush Fund	$8,000		0.50%	$38,250		0.50%
Ely Fund				$33,250		6.00%
Missouri Most				$34,582		
Retirement						
Tyler's 401(k)						
Consumer Fund		$69,000	8.75%		$69,000	8.75%
Graham Fund		$134,000	4.10%		$0	
Ely Fund					$134,000	6.10%
Tyler's traditional IRA certificate of deposit		$52,000	3.50%		$52,000	6.00%
Mia's 401 (k) Rocket Fund		$15,250	14.00%		$0	
Mia's 401 (k) Consumer Fund					$15,250	6.13%
Mia's Rollover IRA		$32,500	4.80%		$32,500	6.10%
Mia's traditional IRA certificate of deposit		$52,000	3.50%		$52,000	600.00%
Mia's Conservative annuity- Potsdam Fixed Annuity		$125,000	5.00%		$125,000	5.00%
Roth IRA					$1,356	10.00%
Life insurance						
Tyler's whole life policy (cash value)		$8,750	5.50%		$0	
Mia's whole life policy (cash value)		$8,350	5.50%		$0	
Real Assets						
Primary Residence		$250,000			$250,000	
Personal/Collectibles						
Automobile, Ford Taurus		$20,000			$20,000	
Automobile, Nissan Quest		$15,500			$15,500	
Watercraft		$5,800			$5,800	
Yard equipment		$8,000			$8,000	
Jewelry and collectibles (Mia's ring, paintings, china, harp)		$10,000			$10,000	
Phil Mickelson-signed Calloway Driver golf club		$5,000			$5,000	
Golf artwork (Linda Hartough repro, set of 5 litho)		$5,000			$5,000	
Use/Lifestyle						
Furnishings	$45,000			$45,000		
Golf clubs/other sporting equipment	$2,500			$2,500		
TOTALS:	***$234,000.00***	***$816,150.00***		***$248,582.00***	***$800,406.00***	
TOTAL ASSETS	***$1,050,150.00***			***$1,048,988.00***		
Liabilities		**Amount Owe**	**Interest Rate/APR**			
Current, revolving						
Visa credit card, Springfield Nat'l Bank		$3,500	18.25%	$0		
Mastercard credit card, University Bank		$2,000	16.75%	$0		
Long-Term, installment						
Mortgage, Springfield National Bank (124/360 pmt made)		$130,332	7.875%		$134,242	3.90%
Auto, Ford (36/60 pmt made)		$10,396	3.90%		$10,396	3.90%
TOTAL LIABILITIES		***$146,228.13***	***TOTAL LIABILITIES***		***$144,638.41***	
RESULTS						
TOTAL ASSETS	***$1,050,150.00***		***TOTAL ASSETS***		***$1,048,988.00***	
TOTAL LIABILITIES	***$146,228.13***		***TOTAL LIABILITIES***		***$144,638.41***	
NET WORTH	***$903,921.87***		***NET WORTH***		***$904,349.59***	

Adjusted Pro Forma Tax

Federal Tax Planning Estimator	Assumption:	Married Filing Jointly	
Gross Income	$ 138,947.33		
Long-Term Capital Gains & Qualified Dividends	$ -		
Pre-Tax Retirement Contributions	$ 7,357.50		
Other Pre-Tax Payroll Deductions	$ 5,480.00		
Adjustments	$ 793.00		
Less Exclusions	$ -		
Reportable Gross Income		**$ 125,316.83**	
Less Deductions for Adjusted Gross Income			
Educator Expenses	$ -		
One-Half Self-Employment Tax			
Student Loan Interest	$ -		
Archer MSA Deduction	$ -		
Tuition Deduction	$ -		
IRA Contribution	$ -		
Keogh Contribution	$ -		
Other Deductions	$ -		
Early Withdrawal Penalty	$ -		
Adjusted Gross Income		**$ 125,316.83**	
Number of Children Dependents Under Age 17	1		
Number of Children Dependents Over Age 17	-		
Itemized Deductions			
Medical and Dental Expenses			
AGI Medical Deduction Requirement	$ 9,398.76		
Amount of Deduction	$ -		
Taxes Paid	$ 6,266.00		
Home Mortgage Interest	$ 2,965.00		
Investment Interest	$ -		
Home Purchase Points	$ -		
Gifts to Charity	$ 5,800.00		
Other Deductions	$ -		
Total Itemized	$ 15,031.00		
Standard Deduction	$ 24,000.00		
Taxable Income		**$ 101,316.83**	
Tax on Income		$ 14,168.46	
Long-Term Capital Gain and Qualified Dividend Tax		$ -	
Social Security & Medicare Taxes		$ 10,833.85	
FICA Taxes Withheld	$ 10,286.00		
Tax Withheld or Paid	$ 22,178.00		
Less Tax Credits			
Earned income tax credit (refundable)	$ -		
Credit for child and dependent care expenses	$ -		
Foreign tax credit	$ -		
Adoption credit	$ -		
Retirement savings credit	$ -		
Education credits	$ -		
Credit for elderly	$ -		
Child tax credit	$ 2,000.00		$ (275,000.00)
Total Tax Due or (Refund)	**$ (9,461.69)**		

STATE INCOME TAX WORKSHEET		
Assumes State Tax Linked to Federal AGI		
State Marginal Tax Bracket		5.00%
State Deduction Amount	$	1,000.00
State Exemption Amount	$	900.00
Tax Credit Amount	$	-
Number of Exemptions		2.00
Federal AGI	$	125,316.83
State Taxable Income	$	122,516.83
Before Credit Tax Liability	$	6,125.84
STATE TAX LIABILITY	**$**	**6,125.84**
State Withholdings	**$**	**6,266.00**
(Refund) or Amount Due	$	(140.16)

TAX ON INCOME CALCULATION

Filing Status	*Tax Lower Threshold*	*Tax on Base*	*Excess*	*Tax Rate*	*Additional Tax*	*Total Tax*
Married Filing Jointly	$ 77,401.00	$ 8,906.98	$ 23,915.83	22%	$ 5,261.48	$ 14,168.46
Single	$ 82,501.00	$ 14,089.26	$ 18,815.83	24%	$ 4,515.80	$ 18,605.06
Married Filing Single	$ 82,501.00	$ 14,089.26	$ 18,815.83	24%	$ 4,515.80	$ 18,605.06
Head of Household	$ 82,501.00	$ 12,697.76	$ 18,815.83	24%	$ 4,515.80	$ 17,213.56
Widow(er)	$ 82,501.00	$ 14,089.26	$ 18,815.83	24%	$ 4,515.80	$ 18,605.06

FICA TAX CALCULATION

	Tyler Bebo	*Mia Bebo*	*Total*
Income	$ 68,466.58	$ 32,496.00	$ 100,962.58
Bonus	$ 34,233.30	$ -	$ 34,233.30
Self-Employment Income	$ -	$ -	$ -
Additional FICA Income	$ -	$ -	$ -
Less Fringe-Benefit Exclusions	$ -	$ 3,600.00	$ 3,600.00
Total FICA Income	$ 102,699.88	$ 28,896.00	$ 131,595.88
FICA Tax Liability	$ 7,856.54	$ 2,210.54	$ 10,067.08
Medicare Surcharge Liability	$ 699.30	$ 67.46	$ 766.76
Self-Employment FICA			$ -
Total FICA Tax Liability	**$ 8,555.84**	**$ 2,278.01**	**$ 10,833.85**

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Appendix A- Property Insurance

Figure 1

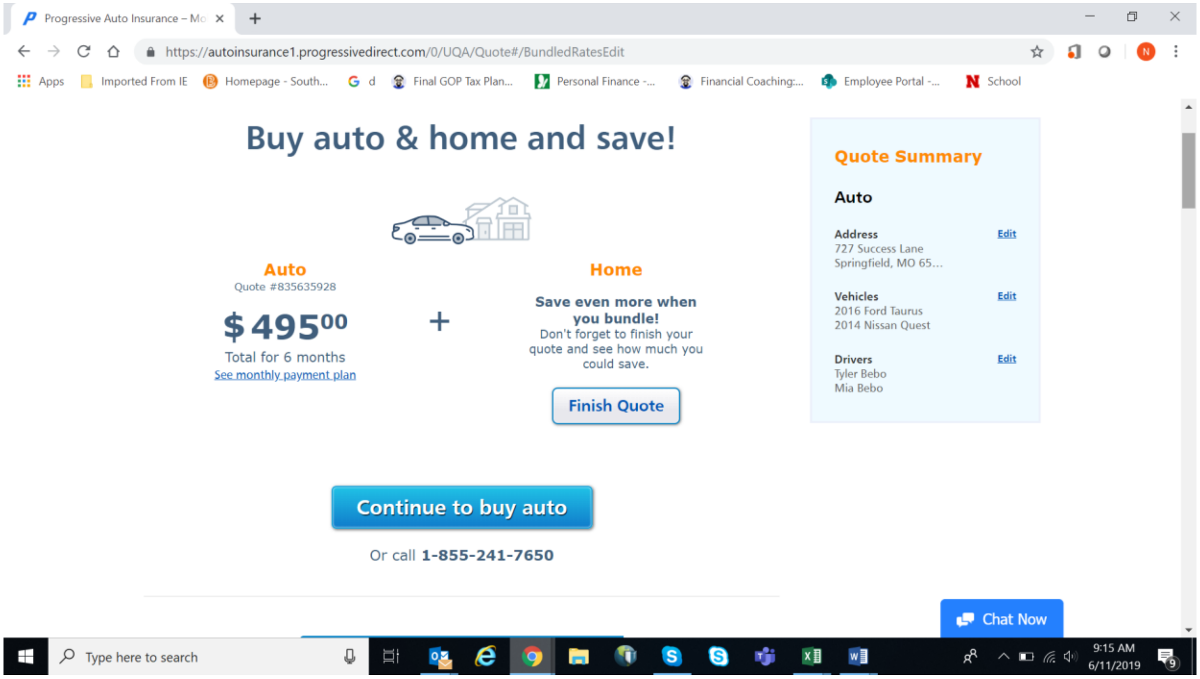


Figure 2

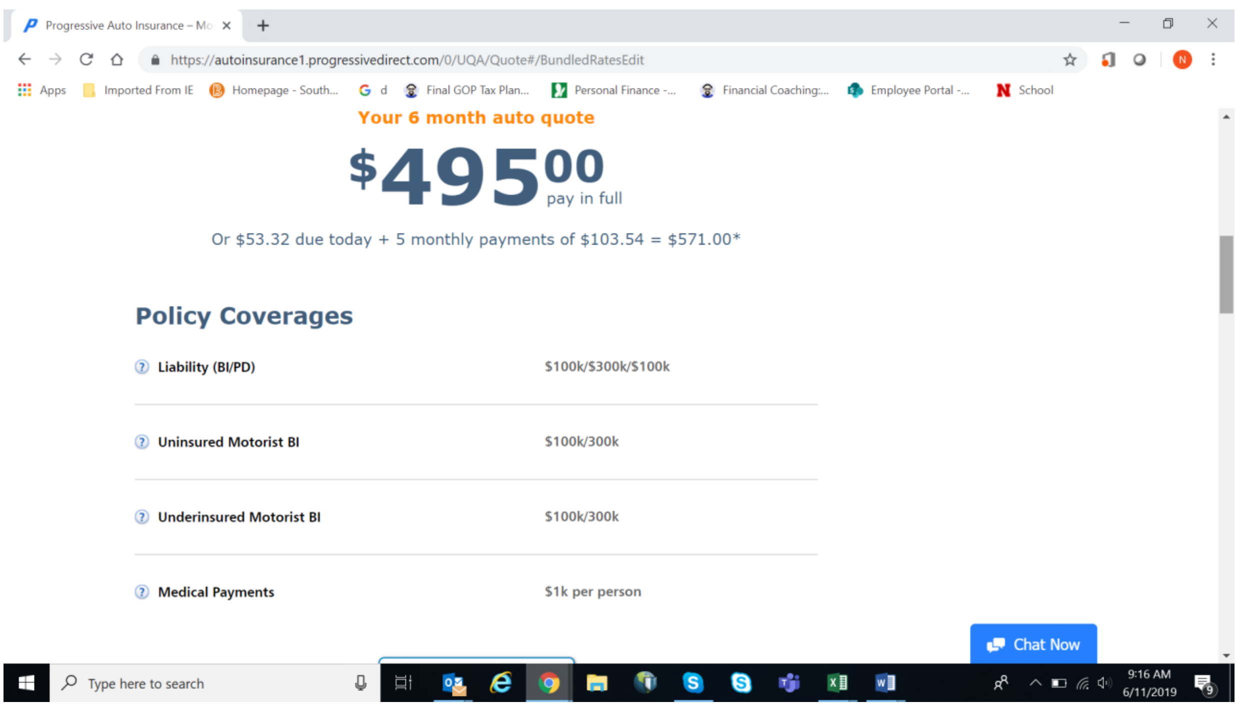


Figure 3

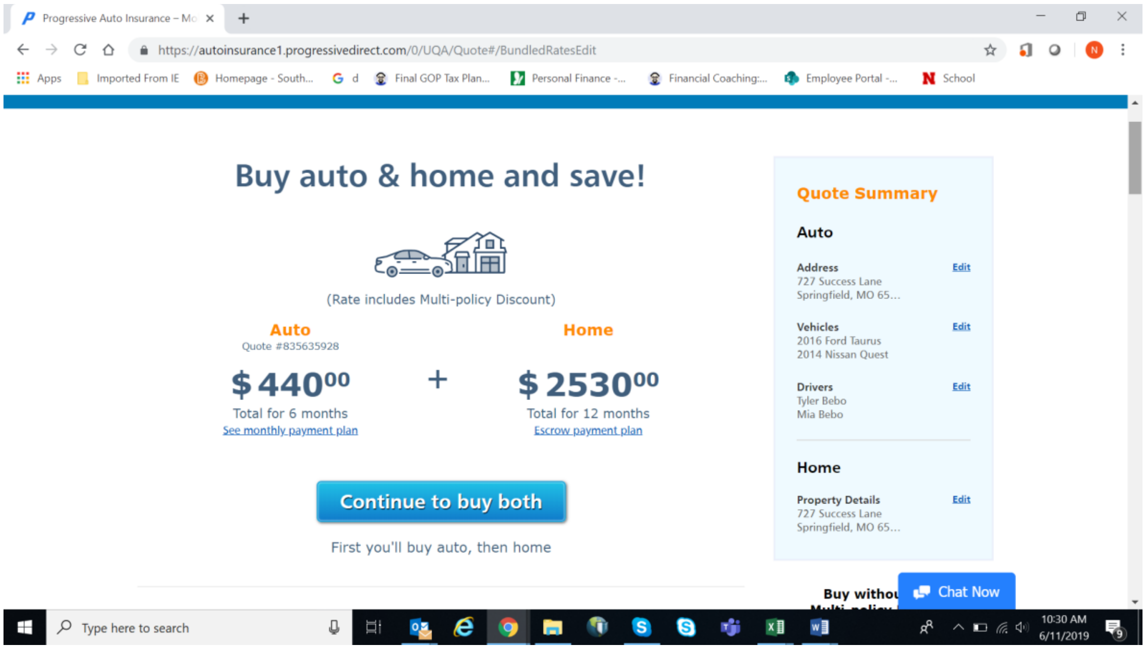
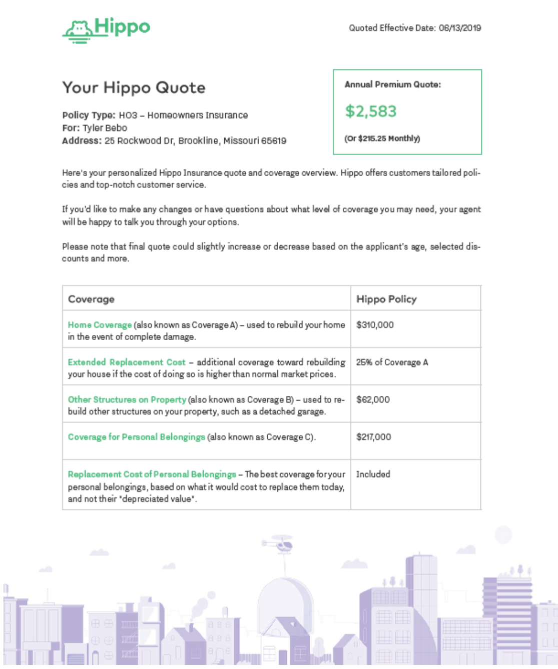


Figure 4 (double click for whole document)



Hippo

Quoted Effective Date: 06/13/2019

Your Hippo Quote

Policy Type: HO3 – Homeowners Insurance
For: Tyler Bebo
Address: 25 Rockwood Dr, Brookline, Missouri 65619

Annual Premium Quote:
$2,583
(Or $215.25 Monthly)

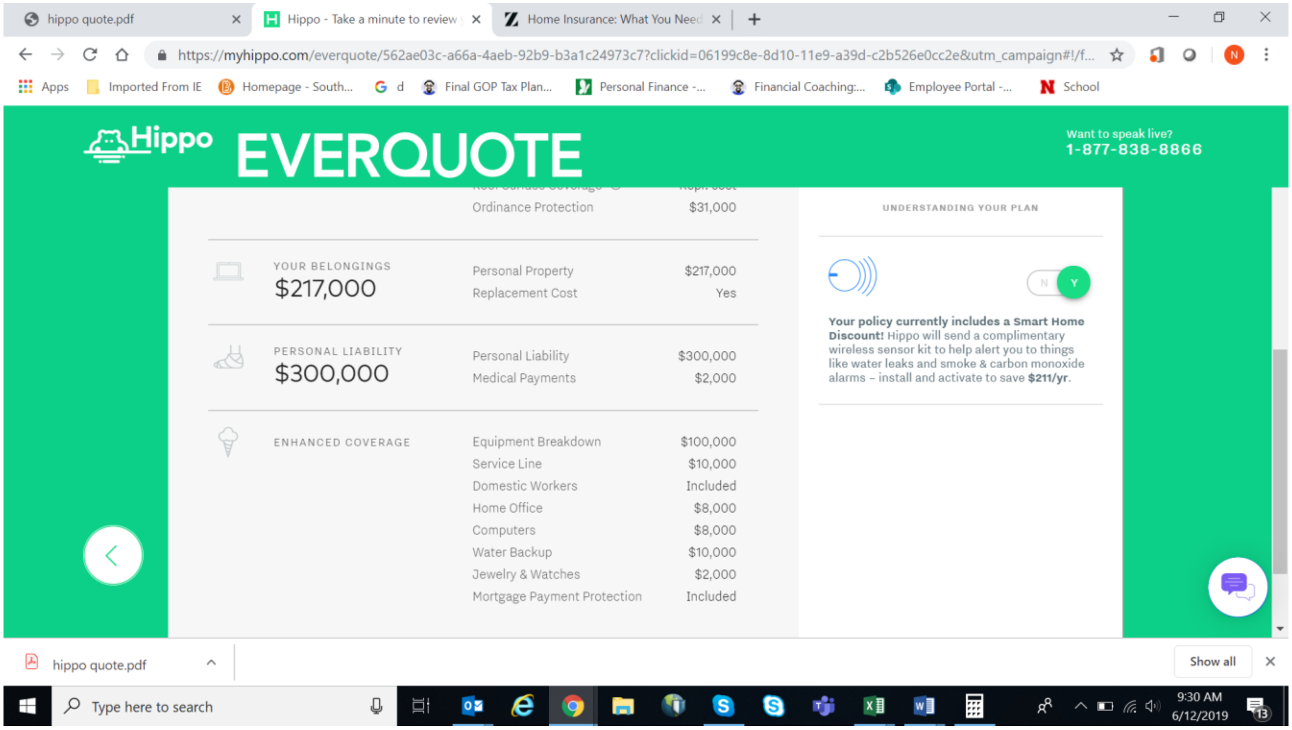
Here's your personalized Hippo Insurance quote and coverage overview. Hippo offers customers tailored policies and top-notch customer service.

If you'd like to make any changes or have questions about what level of coverage you may need, your agent will be happy to talk you through your options.

Please note that final quote could slightly increase or decrease based on the applicant's age, selected discounts and more.

Coverage	Hippo Policy
Home Coverage (also known as Coverage A) – used to rebuild your home in the event of complete damage.	$310,000
Extended Replacement Cost – additional coverage toward rebuilding your house if the cost of doing so is higher than normal market prices.	25% of Coverage A
Other Structures on Property (also known as Coverage B) – used to rebuild other structures on your property, such as a detached garage.	$62,000
Coverage for Personal Belongings (also known as Coverage C).	$217,000
Replacement Cost of Personal Belongings – The best coverage for your personal belongings, based on what it would cost to replace them today, and not their "depreciated value".	Included

Figure 5



Appendix B- Retirement

Figure 1

Retirement at 62

- Salary increases
  - 3 % annual for both Mia and Tyler
- 401K
  - 6% contribution for Tyler
  - 10% contribution for Mia
  - 100% company match for both Mia Tyler up to 3%
  - 6.13% rate of return for each

Years until Retirement	Tyler's Salary	Mia's Salary	Tyler's 401(k) balance		Tyler's bond	Mia's 401(k) balance	Mia's Rollover IRA	Mia's bond	Mia's Annuity
			Consumer Fund	Ely Fund		Consumer Fund			
20	$102,700	$ 32,496.00	$69,000	$134,000	$52,000	$15,250	$32,500	$52,000	$125,000
19	$105,781	$ 33,470.88	$76,598	$144,305	$55,120	$18,255	$34,483	$55,120	$129,375
18	$108,954	$ 34,475.01	$84,762	$155,302	$58,427	$21,506	$36,586	$58,427	$133,903
17	$112,223	$ 35,509.26	$93,531	$167,036	$61,933	$25,020	$38,818	$61,933	$138,590
16	$115,590	$ 36,574.53	$102,945	$179,553	$65,649	$28,815	$41,186	$65,649	$143,440
15	$119,057	$ 37,671.77	$113,046	$192,904	$69,588	$32,911	$43,698	$69,588	$148,461
14	$122,629	$ 38,801.92	$123,880	$207,142	$73,763	$37,328	$46,363	$73,763	$153,657
13	$126,308	$ 39,965.98	$135,495	$222,322	$78,189	$42,088	$49,192	$78,189	$159,035
12	$130,097	$ 41,164.96	$147,944	$238,504	$82,880	$47,213	$52,192	$82,880	$164,601
11	$134,000	$ 42,399.91	$161,279	$255,752	$87,853	$52,729	$55,376	$87,853	$170,362
10	$138,020	$ 43,671.91	$175,560	$274,133	$93,124	$58,662	$58,754	$93,124	$176,325
9	$142,161	$ 44,982.06	$190,848	$293,718	$98,712	$65,040	$62,338	$98,712	$182,496
8	$146,426	$ 46,331.53	$207,209	$314,585	$104,634	$71,892	$66,141	$104,634	$188,884
7	$150,818	$ 47,721.47	$224,713	$336,812	$110,912	$79,250	$70,175	$110,912	$195,495
6	$155,343	$ 49,153.12	$243,433	$360,487	$117,567	$87,148	$74,456	$117,567	$202,337
5	$160,003	$ 50,627.71	$263,450	$385,700	$124,621	$95,621	$78,998	$124,621	$209,419
4	$164,803	$ 52,146.54	$284,847	$412,547	$132,098	$104,707	$83,816	$132,098	$216,748
3	$169,747	$ 53,710.94	$307,713	$441,132	$140,024	$114,447	$88,929	$140,024	$224,334
2	$174,840	$ 55,322.26	$332,142	$471,562	$148,426	$124,883	$94,354	$148,426	$232,186
1	$180,085	$ 56,981.93	$358,236	$503,955	$157,331	$136,062	$100,110	$157,331	$240,313
0	$185,488	$ 58,691.39	$386,102	$538,433	$166,771	$148,033	$106,216	$166,771	$248,724
The Bebo's total retirement savings					**$1,761,049**				

Figure 7

Retirement at 65

- Salary increases
  - 3 % annual for both Mia and Tyler
- 401K
  - 6% contribution for Tyler
  - 10% contribution for Mia
  - 100% company match for both Mia Tyler up to 3%
  - 6.13% rate of return for each

Years until Retirement	Tyler's Salary	Mia's Salary	Tyler's 401(k) balance		Tyler's bond	Mia's 401(k) balance	Mia's Rollover IRA	Mia's bond	Mia's Annuity
			Consumer Fund	Ely Fund		Consumer Fund			
23	$102,700	$ 32,496.00	$69,000	$134,000	$52,000	$15,250	$32,500	$52,000	$125,000
22	$105,781	$ 33,470.88	$76,598	$144,305	$55,120	$18,255	$34,483	$55,120	$129,375
21	$108,954	$ 34,475.01	$84,762	$155,302	$58,427	$21,506	$36,586	$58,427	$133,903
20	$112,223	$ 35,509.26	$93,531	$167,036	$61,933	$25,020	$38,818	$61,933	$138,590
19	$115,590	$ 36,574.53	$102,945	$179,553	$65,649	$28,815	$41,186	$65,649	$143,440
18	$119,057	$ 37,671.77	$113,046	$192,904	$69,588	$32,911	$43,698	$69,588	$148,461
17	$122,629	$ 38,801.92	$123,880	$207,142	$73,763	$37,328	$46,363	$73,763	$153,657
16	$126,308	$ 39,965.98	$135,495	$222,322	$78,189	$42,088	$49,192	$78,189	$159,035
15	$130,097	$ 41,164.96	$147,944	$238,504	$82,880	$47,213	$52,192	$82,880	$164,601
14	$134,000	$ 42,399.91	$161,279	$255,752	$87,853	$52,729	$55,376	$87,853	$170,362
13	$138,020	$ 43,671.91	$175,560	$274,133	$93,124	$58,662	$58,754	$93,124	$176,325
12	$142,161	$ 44,982.06	$190,848	$293,718	$98,712	$65,040	$62,338	$98,712	$182,496
11	$146,426	$ 46,331.53	$207,209	$314,585	$104,634	$71,892	$66,141	$104,634	$188,884
10	$150,818	$ 47,721.47	$224,713	$336,812	$110,912	$79,250	$70,175	$110,912	$195,495
9	$155,343	$ 49,153.12	$243,433	$360,487	$117,567	$87,148	$74,456	$117,567	$202,337
8	$160,003	$ 50,627.71	$263,450	$385,700	$124,621	$95,621	$78,998	$124,621	$209,419
7	$164,803	$ 52,146.54	$284,847	$412,547	$132,098	$104,707	$83,816	$132,098	$216,748
6	$169,747	$ 53,710.94	$307,713	$441,132	$140,024	$114,447	$88,929	$140,024	$224,334
5	$174,840	$ 55,322.26	$332,142	$471,562	$148,426	$124,883	$94,354	$148,426	$232,186
4	$180,085	$ 56,981.93	$358,236	$503,955	$157,331	$136,062	$100,110	$157,331	$240,313
3	$185,488	$ 58,691.39	$386,102	$538,433	$166,771	$148,033	$106,216	$166,771	$248,724
2	$191,052	$ 60,452.13	$415,853	$575,125	$176,777	$160,845	$112,695	$176,777	$257,429
1	$196,784	$ 62,265.70	$447,610	$614,172	$187,384	$174,555	$119,570	$187,384	$266,439
0	$202,687	$ 64,133.67	$481,502	$655,719	$198,627	$189,222	$126,864	$198,627	$275,764
The Bebo's total retirement savings					**$2,126,325**				

Figure 8

Retirement at 65										
• Salary increases										
○ 3% annual for both Mia and Tyler										
• 401K										
○ 10%, 3% contribution for Tyler										
○ 10% contribution for Mia										
○ 100% company match for both Mia Tyler up to 3%										
○ 6.13% rate of return for each										
	Years until Retirement	Tyler's Salary	Mia's Salary	Tyler's 401(k) balance		Tyler's bond	Mia's 401(k) balance	Mia's Rollover IRA	Mia's bond	Mia's Annuity
				Consumer Fund	Ely Fund		Consumer Fund			
	23	$102,700	$ 32,496.00	$69,000	$134,000	$52,000	$15,250	$32,500	$52,000	$125,000
	22	$105,781	$ 33,470.88	$84,456	$144,305	$55,120	$18,255	$34,483	$55,120	$129,375
	21	$108,954	$ 34,475.01	$101,197	$155,302	$58,427	$21,506	$36,586	$58,427	$133,903
	20	$112,223	$ 35,509.26	$119,310	$167,036	$61,933	$25,020	$38,818	$61,933	$138,590
	19	$115,590	$ 36,574.53	$138,892	$179,553	$65,649	$28,815	$41,186	$65,649	$143,440
	18	$119,057	$ 37,671.77	$160,041	$192,904	$69,588	$32,911	$43,698	$69,588	$148,461
	17	$122,629	$ 38,801.92	$182,866	$207,142	$73,763	$37,328	$46,363	$73,763	$153,657
	16	$126,308	$ 39,965.98	$207,481	$222,322	$78,189	$42,088	$49,192	$78,189	$159,035
	15	$130,097	$ 41,164.96	$234,007	$238,504	$82,880	$47,213	$52,192	$82,880	$164,601
	14	$134,000	$ 42,399.91	$262,573	$255,752	$87,853	$52,729	$55,376	$87,853	$170,362
	13	$138,020	$ 43,671.91	$293,317	$274,133	$93,124	$58,662	$58,754	$93,124	$176,325
	12	$142,161	$ 44,982.06	$326,385	$293,718	$98,712	$65,040	$62,338	$98,712	$182,496
	11	$146,426	$ 46,331.53	$361,932	$314,585	$104,634	$71,892	$66,141	$104,634	$188,884
	10	$150,818	$ 47,721.47	$400,125	$336,812	$110,912	$79,250	$70,175	$110,912	$195,495
	9	$155,343	$ 49,153.12	$441,139	$360,487	$117,567	$87,148	$74,456	$117,567	$202,337
	8	$160,003	$ 50,627.71	$485,162	$385,700	$124,621	$95,621	$78,998	$124,621	$209,419
	7	$164,803	$ 52,146.54	$532,393	$412,547	$132,098	$104,707	$83,816	$132,098	$216,748
	6	$169,747	$ 53,710.94	$583,044	$441,132	$140,024	$114,447	$88,929	$140,024	$224,334
	5	$174,840	$ 55,322.26	$637,341	$471,562	$148,426	$124,883	$94,354	$148,426	$232,186
	4	$180,085	$ 56,981.93	$695,522	$503,955	$157,331	$136,062	$100,110	$157,331	$240,313
	3	$185,488	$ 58,691.39	$757,843	$538,433	$166,771	$148,033	$106,216	$166,771	$248,724
	2	$191,052	$ 60,452.13	$824,576	$575,125	$176,777	$160,845	$112,695	$176,777	$257,429
	1	$196,784	$ 62,265.70	$896,007	$614,172	$187,384	$174,555	$119,570	$187,384	$266,439
	0	$202,687	$ 64,133.67	$972,443	$655,719	$198,627	$189,222	$126,864	$198,627	$275,764
	The Bebo's total retirement savings					**$2,617,266**				

Figure 9

Social Security	Retirement at 62				
Year	Tyler SS Income	Tyler Age	Mia SS Income	Mia Age	(age 62) Option 1 Total
2039	$ 18,240.00	62	$ 10,800.00	62	$ 29,040.00
2040	$ 18,787.20	63	$ 11,124.00	63	$ 29,911.20
2041	$ 19,350.82	64	$ 11,457.72	64	$ 30,808.54
2042	$ 19,931.34	65	$ 11,801.45	65	$ 31,732.79
2043	$ 20,529.28	66	$ 12,155.50	66	$ 32,684.78
2044	$ 21,145.16	67	$ 12,520.16	67	$ 33,665.32
2045	$ 21,779.51	68	$ 12,895.76	68	$ 34,675.28
2046	$ 22,432.90	69	$ 13,282.64	69	$ 35,715.54
2047	$ 23,105.89	70	$ 13,681.12	70	$ 36,787.00
2048	$ 23,799.06	71	$ 14,091.55	71	$ 37,890.61
2049	$ 24,513.03	72	$ 14,514.30	72	$ 39,027.33
2050	$ 25,248.43	73	$ 14,949.73	73	$ 40,198.15
2051	$ 26,005.88	74	$ 15,398.22	74	$ 41,404.10
2052	$ 26,786.05	75	$ 15,860.16	75	$ 42,646.22
2053	$ 27,589.64	76	$ 16,335.97	76	$ 43,925.61
2054	$ 28,417.33	77	$ 16,826.05	77	$ 45,243.37
2055	$ 29,269.85	78	$ 17,330.83	78	$ 46,600.67
2056	$ 30,147.94	79	$ 17,850.75	79	$ 47,998.70
2057	$ 31,052.38	80	$ 18,386.28	80	$ 49,438.66
2058	$ 31,983.95	81	$ 18,937.87	81	$ 50,921.82
2059	$ 32,943.47	82	$ 19,506.00	82	$ 52,449.47
2060	$ 33,931.77	83	$ 20,091.18	83	$ 54,022.95
2061	$ 34,949.73	84	$ 20,693.92	84	$ 55,643.64
2062	$ 35,998.22	85	$ 21,314.73	85	$ 57,312.95
2063	$ 37,078.16	86	$ 21,954.18	86	$ 59,032.34
2064	$ 38,190.51	87	$ 22,612.80	87	$ 60,803.31
2065	$ 39,336.22	88	$ 23,291.19	88	$ 62,627.41
2066	$ 40,516.31	89	$ 23,989.92	89	$ 64,506.23
2067	$ 41,731.80	90	$ 24,709.62	90	$ 66,441.42
2068	$ 42,983.75	91	$ 25,450.91	91	$ 68,434.66
2069	$ 44,273.27	92	$ 26,214.43	92	$ 70,487.70
2070	$ 45,601.47	93	$ 27,000.87	93	$ 72,602.33
2071	$ 46,969.51	94	$ 27,810.89	94	$ 74,780.40
2072		Deceased		Deceased	
	-	-	-		
Totals:	**$ 1,004,619.82**		**$ 594,840.69**		**$1,599,460.51**

Retirement at 65					
Year	Tyler SS Income	Tyler Age	Mia SS Income	Mia Age	(age 65) Option 2 Total
2039		62		62	$ -
2040		63		63	$ -
2041		64		64	$ -
2042	$ 24,636.00	65	$ 14,556.00	65	$ 39,192.00
2043	$ 25,375.08	66	$ 14,992.68	66	$ 40,367.76
2044	$ 26,136.33	67	$ 15,442.46	67	$ 41,578.79
2045	$ 26,920.42	68	$ 15,905.73	68	$ 42,826.16
2046	$ 27,728.04	69	$ 16,382.91	69	$ 44,110.94
2047	$ 28,559.88	70	$ 16,874.39	70	$ 45,434.27
2048	$ 29,416.67	71	$ 17,380.63	71	$ 46,797.30
2049	$ 30,299.17	72	$ 17,902.04	72	$ 48,201.22
2050	$ 31,208.15	73	$ 18,439.11	73	$ 49,647.25
2051	$ 32,144.39	74	$ 18,992.28	74	$ 51,136.67
2052	$ 33,108.72	75	$ 19,562.05	75	$ 52,670.77
2053	$ 34,101.99	76	$ 20,148.91	76	$ 54,250.89
2054	$ 35,125.05	77	$ 20,753.38	77	$ 55,878.42
2055	$ 36,178.80	78	$ 21,375.98	78	$ 57,554.77
2056	$ 37,264.16	79	$ 22,017.26	79	$ 59,281.42
2057	$ 38,382.09	80	$ 22,677.77	80	$ 61,059.86
2058	$ 39,533.55	81	$ 23,358.11	81	$ 62,891.65
2059	$ 40,719.55	82	$ 24,058.85	82	$ 64,778.40
2060	$ 41,941.14	83	$ 24,780.62	83	$ 66,721.76
2061	$ 43,199.38	84	$ 25,524.03	84	$ 68,723.41
2062	$ 44,495.36	85	$ 26,289.76	85	$ 70,785.11
2063	$ 45,830.22	86	$ 27,078.45	86	$ 72,908.66
2064	$ 47,205.12	87	$ 27,890.80	87	$ 75,095.92
2065	$ 48,621.28	88	$ 28,727.53	88	$ 77,348.80
2066	$ 50,079.92	89	$ 29,589.35	89	$ 79,669.27
2067	$ 51,582.31	90	$ 30,477.03	90	$ 82,059.34
2068	$ 53,129.78	91	$ 31,391.34	91	$ 84,521.12
2069	$ 54,723.68	92	$ 32,333.08	92	$ 87,056.76
2070	$ 56,365.39	93	$ 33,303.08	93	$ 89,668.46
2071	$ 58,056.35	94	$ 34,302.17	94	$ 92,358.52
2072		Deceased			
	-	-	-		-
Totals:	**$ 1,122,056.86**		**$ 692,507.75**		**$ 1,864,575.69**

Figure 10

Bebo Distribution Plan Age 62 Retirement																					
Year	Tyler Age	Mia Age	Income Needs (115K in today's dollars)		Bebo SS Income (starts 29,040 in today's dollars)	Tyler's 401 (k), Consumer Fund 6.13%		Tyler's 401 (k), Ely Fund 6.1%		Tyler's Bond 6%		Mia's 401 (k), Consumer Fund 6.13%		Mia's Rollover IRA, Consumer Fund 6.13%		Mia's Bond 6%		Mia's Annuity 3.5%		Total Dist	Need met
						Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance		
2039	62	62	$ 207,703		$ 52,449	$ -	$ 386,102	$ -	$ 538,433	$ -	$166,771	$ -	$ 148,033	$ -	$ 106,216	$ -	$ 166,771	$ 155,253	$ 248,724	$207,703	yes
2040	63	63	$ 213,934		$ 54,023	$ -	$ 409,770	$ -	$ 571,277	$ -	$176,777	$ -	$ 157,107	$ -	$ 112,727	$ 57,735	$ 176,777	$ 102,176	$ 102,176	$213,934	yes
2041	64	64	$ 220,352		$ 55,644	$ -	$ 434,889	$ -	$ 606,125	$ -	$187,384	$ -	$ 166,738	$ 35,059	$ 119,638	$ 129,649	$ 129,649		$ -	$220,352	yes
2042	65	65	$ 226,962		$ 57,313	$ -	$ 461,547	$ -	$ 643,099	$ -	$198,627	$ 77,737	$ 176,959	$ 91,912	$ 91,912		$ -		$ -	$226,962	yes
2043	66	66	$ 233,771		$ 59,032	$ -	$ 489,840	$ -	$ 682,328	$ 64,670	$210,545	$ 110,069	$ 110,069		$ -					$233,771	yes
2044	67	67	$ 240,784		$ 60,803	$ -	$ 519,867	$ 21,474	$ 723,950	$ 158,507	$158,507									$240,784	yes
2045	68	68	$ 248,008		$ 62,627	$ -	$ 551,735	$ 185,381	$ 746,636											$248,008	yes
2046	69	69	$ 255,448		$ 64,506	$ -	$ 585,557	$ 190,942	$ 606,801											$255,448	yes
2047	70	70	$ 263,112		$ 66,441	$ -	$ 621,451	$ 196,670	$ 452,873											$263,112	yes
2048	71	71	$ 271,005		$ 68,435	$ -	$ 659,546	$ 202,570	$ 283,828											$271,005	yes
2049	72	72	$ 279,135		$ 70,488	$ 208,647	$ 699,977	$ 98,572	$ 98,572											$377,707	yes
2050	73	73	$ 287,509		$ 72,602	$ 214,907	$ 534,238													$287,509	yes
2051	74	74	$ 296,135		$ 74,780	$ 221,354	$ 352,079													$296,135	yes
2052	75	75	$ 305,019		$ 77,024	$ 152,308	$ 152,308													$229,332	no
2053	76	76	$ 314,169		$ 79,335															$ 79,335	
2054	77	77	$ 323,594		$ 81,715															$ 81,715	
2055	78	78	$ 333,302		$ 84,166															$ 84,166	
2056	79	79	$ 343,301		$ 86,691															$ 86,691	
2057	80	80	$ 353,600		$ 89,292															$ 89,292	
2058	81	81	$ 364,208		$ 91,970															$ 91,970	
2059	82	82	$ 375,134		$ 94,730															$ 94,730	
2060	83	83	$ 386,388		$ 97,571															$ 97,571	
2061	84	84	$ 397,980		$ 100,499															$100,499	
2062	85	85	$ 409,919		$ 103,514															$103,514	
2063	86	86	$ 422,217		$ 106,619															$106,619	
2064	87	87	$ 434,884		$ 109,818															$109,818	
2065	88	88	$ 326,163		$ 113,112															$113,112	
2066	89	89	$ 335,948		$ 116,505															$116,505	
2067	90	90	$ 346,026		$ 120,001															$120,001	
2068	91	91	$ 356,407		$ 123,601															$123,601	
2069	92	92	$ 367,099		$ 127,309															$127,309	
2070	93	93	$ 378,112		$ 131,128															$131,128	
2071	94	94	$ 389,455		$ 135,062															$135,062	
2072	-	Deceased			-																

Figure 11

Bebo Distribution Plan Age 65 Retirement																					
Year	Tyler Age	Mia Age	Income Needs (115K in today's dollars)		Bebo SS Income (starts 29,040 in today's dollars)	Tyler's 401 (k), Consumer Fund 6.13%		Tyler's 401 (k), Ely Fund 6.1%		Tyler's Bond 6%		Mia's 401 (k), Consumer Fund 6.13%		Mia's Rollover IRA, Consumer Fund 6.13%		Mia's Bond 6%		Mia's Annuity 3.5%		Total Dist	Need met
						Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance		
2042	65	65	$ 248,008		$ 62,627		$ 481,502		$ 655,719		$ 198,627		$ 189,222		$ 126,864		$ 198,627	$ 185,381	$ 275,764	$ 248,008	yes
2043	66	66	$ 255,448		$ 64,506		$ 511,018		$ 695,718		$210,545		$ 200,821		$ 134,640	$ 90,907	$ 210,545	$ 100,035	$ 100,035	$ 255,448	yes
2044	67	67	$ 263,112		$ 66,441		$ 542,343		$ 738,157		$223,177		$ 213,131	$ 64,401	$ 142,894	$ 132,270	$ 132,270	$ -	$ -	$ 263,112	yes
2045	68	68	$ 271,005		$ 68,434		$ 575,589		$ 783,184		$236,568	$ 115,318	$ 226,196	$ 87,253	$ 87,253	$ -	$ -	$ -	$ -	$ 271,005	yes
2046	69	69	$ 279,135		$ 70,487		$ 610,872		$ 830,959	$ 83,904	$250,762	$ 124,744	$ 124,744	$ -	$ -	$ -	$ -	$ -	$ -	$ 279,135	yes
2047	70	70	$ 287,509		$ 72,602		$ 648,319	$ 33,003	$ 881,647	$ 181,904	$181,904	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 287,509	yes
2048	71	71	$ 296,135		$ 74,780		$ 688,061	$ 221,355	$ 902,424	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 296,135	yes
2049	72	72	$ 305,019		$ 77,023		$ 730,239	$ 227,995	$ 736,117	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 305,019	yes
2050	73	73	$ 314,169		$ 79,334		$ 775,003	$ 234,835	$ 553,025	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 314,169	yes
2051	74	74	$ 323,594		$ 81,714		$ 822,510	$ 241,880	$ 351,925	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 323,594	yes
2052	75	75	$ 333,302		$ 84,165	$ 117,625	$ 872,930	$ 131,512	$ 131,512	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 333,302	yes
2053	76	76	$ 343,301		$ 86,690	$ 256,611	$ 808,816	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 343,301	yes
2054	77	77	$ 353,600		$ 89,291	$ 264,309	$ 601,786													$ 353,600	yes
2055	78	78	$ 364,208		$ 91,970	$ 272,238	$ 374,367													$ 364,208	yes
2056	79	79	$ 375,134		$ 94,729	$ 125,077	$ 125,077													$ 219,806	yes
2057	80	80	$ 386,388		$ 97,571															$ 97,571	no
2058	81	81	$ 397,980		$ 100,498															$ 100,498	no
2059	82	82	$ 409,919		$ 103,513																
2060	83	83	$ 422,217		$ 106,618																
2061	84	84	$ 434,884		$ 109,817																
2062	85	85	$ 447,930		$ 113,111																
2063	86	86	$ 461,368		$ 116,505																
2064	87	87	$ 475,209		$ 120,000																
2065	88	88	$ 489,465		$ 123,600																
2066	89	89	$ 504,149		$ 127,308																
2067	90	90	$ 519,274		$ 131,127																
2068	91	91	$ 534,852		$ 135,061																
2069	92	92	$ 550,897		$ 139,113																
2070	93	93	$ 567,424		$ 143,286																
2071	94	94	$ 584,447		$ 147,585																
2072	95	95	$ 601,981		$ 152,012																

Figure 12

Bebo Distribution Plan Age 65 Retirement, higher contributions																					
Year	Tyler Age	Mia Age	Income Needs (115K in today's dollars)		Bebo SS Income (starts 29,040 in today's dollars)	Tyler's 401 (k), Consumer Fund 6.13%		Tyler's 401 (k), Ely Fund 6.1%		Tyler's Bond 6%		Mia's 401 (k), Consumer Fund 6.13%		Mia's Rollover IRA, Consumer Fund 6.13%		Mia's Bond 6%		Mia's Annuity 3.5%		Total Dist	Need met
						Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance	Distribution	Balance		
2042	65	65	$ 248,008		$ 62,627		$ 972,443		$ 655,719		$ 198,627		$ 189,222		$ 126,864		$ 198,627	$ 185,381	$ 275,764	$ 248,008	yes
2043	66	66	$ 255,448		$ 64,506		$ 1,032,054		$ 695,718		$210,545		$ 200,821		$ 134,640	$ 90,907	$ 210,545	$ 100,035	$ 100,035	$ 255,448	yes
2044	67	67	$ 263,112		$ 66,441		$ 1,095,319		$ 738,157		$223,177		$ 213,131	$ 64,401	$ 142,894	$ 132,270	$ 132,270	$ -	$ -	$ 263,112	yes
2045	68	68	$ 271,005		$ 68,434		$ 1,162,462		$ 783,184		$236,568	$ 115,318	$ 226,196	$ 87,253	$ 87,253	$ -	$ -	$ -	$ -	$ 271,005	yes
2046	69	69	$ 279,135		$ 70,487		$ 1,233,721		$ 830,959	$ 83,904	$250,762	$ 124,744	$ 124,744	$ -	$ -	$ -	$ -	$ -	$ -	$ 279,135	yes
2047	70	70	$ 287,509		$ 72,602		$ 1,309,348	$ 33,003	$ 881,647	$ 181,904	$181,904	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 287,509	yes
2048	71	71	$ 296,135		$ 74,780		$ 1,389,611	$ 221,355	$ 902,424	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 296,135	yes
2049	72	72	$ 305,019		$ 77,023		$ 1,474,794	$ 227,995	$ 736,117	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 305,019	yes
2050	73	73	$ 314,169		$ 79,334		$ 1,565,199	$ 234,835	$ 553,025	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 314,169	yes
2051	74	74	$ 323,594		$ 81,714		$ 1,661,146	$ 241,880	$ 351,925	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 323,594	yes
2052	75	75	$ 333,302		$ 84,165	$ 117,625	$ 1,762,974	$ 131,512	$ 131,512	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 333,302	yes
2053	76	76	$ 343,301		$ 86,690	$ 256,611	$ 1,753,419	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 343,301	yes
2054	77	77	$ 353,600		$ 89,291	$ 264,309	$ 1,604,293													$ 353,600	yes
2055	78	78	$ 364,208		$ 91,970	$ 272,238	$ 1,438,328													$ 364,208	yes
2056	79	79	$ 375,134		$ 94,729	$ 280,405	$ 1,254,259													$ 375,134	yes
2057	80	80	$ 386,388		$ 97,571	$ 288,818	$ 1,050,740													$ 386,388	no
2058	81	81	$ 397,980		$ 100,498	$ 297,482	$ 826,332													$ 397,980	no
2059	82	82	$ 409,919		$ 103,513	$ 306,407	$ 579,504														
2060	83	83	$ 422,217		$ 106,618	$ 315,599	$ 308,621														
2061	84	84	$ 434,884		$ 109,817																
2062	85	85	$ 447,930		$ 113,111																
2063	86	86	$ 461,368		$ 116,505																
2064	87	87	$ 475,209		$ 120,000																
2065	88	88	$ 489,465		$ 123,600																
2066	89	89	$ 504,149		$ 127,308																
2067	90	90	$ 519,274		$ 131,127																
2068	91	91	$ 534,852		$ 135,061																
2069	92	92	$ 550,897		$ 139,113																
2070	93	93	$ 567,424		$ 143,286																
2071	94	94	$ 584,447		$ 147,585																
2072	95	95	$ 601,981		$ 152,012																

Figure 13

ESTATE TAX PLANNING ANALYSIS			Tyler
Assumed Asset & Expense Growth Per Year	4%		
Checking Account	$ 4,250		
Savings Account	$ 5,000		
Money Market Account	$ 5,000		
Other Monetary Assets			
EE/I Bonds	$ 12,500		
Mutual Funds	$ 66,500		
Other Investment Assets			
Primary Residence	$ 125,000		
Other Housing Assets			
Vehicles	$ 17,750		
Personal Property	$ 40,650		
Retirement Assets	$ 255,000		
Other Assets			
Life Insurance	$ 168,467		
GROSS ESTATE		$ 700,117	
Deductions from Gross Estate			
Less Funeral & Burial Expenses	$ 9,000		
Less Estate Fees, Legal Fees & Executor Fees	$ 13,500		
Less Mortgage, Debts & Losses	$ 73,114		
ADJUSTED GROSS ESTATE		$ 604,503	
Taxable Estate (Exclude Marital Deduction)			
Charitable Donation Deduction	$ 2,900		
TAXABLE ESTATE BEFORE MARITAL DEDUCTION		$ 601,603	
Tax Assuming No Marital Deduction			
Gross Tax	$ 193,393		
Less Unified Credit	$ 4,425,800		
Less State Death Tax Credit			
TAX DUE WITHOUT MARITAL DEDUCTION		$ (4,232,407)	
Assets Available For Marital Deduction	**$ 601,603**		
Spouse's/Co-Client's Gross Estate After Marital Deduction Transfer			Mia
Assumed Asset & Expense Growth Per Year	4%		
Checking Account	$ 4,250		
Savings Account	$ 5,000		
Money Market Account	$ 5,000		
Other Monetary Assets			
EE/I Bonds	$ 12,500		
Mutual Funds	$ 66,500		
Other Investment Assets			
Primary Residence	$ 125,000		
Other Housing Assets			
Vehicles	$ 17,750		
Personal Property	$ 40,650		
Retirement Assets	$ 224,750		
Other Assets			
Life Insurance	$ 229,984		
Marital Transfer	$ 601,603		
GROSS ESTATE		$ 1,332,987	
Deductions from Gross Estate			
Less Funeral & Burial Expenses	$ 9,000		
Less Estate Fees, Legal Fees & Executor Fees	$ 13,500		
Less Mortgage, Debts & Losses	$ 73,114		
ADJUSTED GROSS ESTATE		$ 1,237,373	
Taxable Estate (Exclude Marital Deduction)			
Charitable Donation Deduction	$ 2,900		
TAXABLE ESTATE		$ 1,234,473	
Tax Calculation			
Gross Tax	$ 439,589		
Less Unified Credit	$ 4,425,800		
Less State Death Tax Credit			
TAX DUE		$ (3,986,211)	

TAX ON ESTATE CALCULATION

Spouse	*Tax Lower Threshold*	*Tax on Base*	*Excess*	*Tax Rate*	*Additional Tax*	*Total Tax*
First Deceased Tyler	$ 500,001.00	$ 155,800.00	$ 101,602.00	37%	$ 37,592.74	$ 193,392.74
Second Deceased Mia	$ 1,000,001.00	$ 345,800.00	$ 234,472.00	40%	$ 93,788.80	$ 439,588.80

Check Your Money

Figure 14

ESTATE TAX PLANNING ANALYSIS			Mia
Assumed Asset & Expense Growth Per Year	4%		
Checking Account	$ 4,250		
Savings Account	$ 5,000		
Money Market Account	$ 5,000		
Other Monetary Assets			
EE/I Bonds	$ 12,500		
Mutual Funds	$ 66,500		
Other Investment Assets			
Primary Residence	$ 125,000		
Other Housing Assets			
Vehicles	$ 17,750		
Personal Property	$ 40,650		
Retirement Assets	$ 224,750		
Other Assets			
Life Insurance	$ 229,984		
GROSS ESTATE		$ 731,384	
Deductions from Gross Estate			
Less Funeral & Burial Expenses	$ 9,000		
Less Estate Fees, Legal Fees & Executor Fees	$ 13,500		
Less Mortgage, Debts & Losses	$ 73,114		
ADJUSTED GROSS ESTATE		$ 635,770	
Taxable Estate (Exclude Marital Deduction)			
Charitable Donation Deduction	$ 2,900		
TAXABLE ESTATE BEFORE MARITAL DEDUCTION		$ 632,870	
Tax Assuming No Marital Deduction			
Gross Tax	$ 204,962		
Less Unified Credit	$ 4,425,800		
Less State Death Tax Credit			
TAX DUE WITHOUT MARITAL DEDUCTION		$ (4,220,838)	
Assets Available For Marital Deduction	**$ 632,870**		
Spouse's/Co-Client's Gross Estate After Marital Deduction Transfer			Tyler
Assumed Asset & Expense Growth Per Year	4%		
Checking Account	$ 4,250		
Savings Account	$ 5,000		
Money Market Account	$ 5,000		
Other Monetary Assets			
EE/I Bonds	$ 12,500		
Mutual Funds	$ 66,500		
Other Investment Assets			
Primary Residence	$ 125,000		
Other Housing Assets			
Vehicles	$ 17,750		
Personal Property	$ 40,650		
Retirement Assets	$ 255,000		
Other Assets			
Life Insurance	$ 168,467		
Marital Transfer	$ 632,870		
GROSS ESTATE		$ 1,332,987	
Deductions from Gross Estate			
Less Funeral & Burial Expenses	$ 9,000		
Less Estate Fees, Legal Fees & Executor Fees	$ 13,500		
Less Mortgage, Debts & Losses	$ 73,114		
ADJUSTED GROSS ESTATE		$ 1,237,373	
Taxable Estate (Exclude Marital Deduction)			
Charitable Donation Deduction	$ 2,900		
TAXABLE ESTATE		$ 1,234,473	
Tax Calculation			
Gross Tax	$ 439,589		
Less Unified Credit	$ 4,425,800		
Less State Death Tax Credit			
TAX DUE		$ (3,986,211)	

TAX ON ESTATE CALCULATION

Spouse	*Tax Lower Threshold*	*Tax on Base*	*Excess*	*Tax Rate*	*Additional Tax*	*Total Tax*
First Deceased Mia	$ 500,001.00	$ 155,800.00	$ 132,869.00	37%	$ 49,161.53	$ 204,961.53
Second Deceased Tyler	$ 1,000,001.00	$ 345,800.00	$ 234,472.00	40%	$ 93,788.80	$ 439,588.80

All Case Study Calculations

Case study calc.xlsx